CITY OF NORTH RICHLAND HILLS, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED SEPTEMBER 30, 2017

About The Cover

North Richland Hills' new City Hall has consolidated into one campus city services that were once housed in six buildings on three different campuses, two of which were impacted by the Loop 820 widening. The 182,000-square-foot facility includes about 89,000 square feet for Public Safety operations, about 78,500 square feet for City Hall and about 14,500 square feet for Municipal Court. Construction of the new City Hall was approved by North Richland Hills voters in 2012. Our new City Hall opened on March 29, 2016 and the grand opening ceremony was held on May 13, 2016.

Cover Designed by
Budget and Research Department
City of North Richland Hills, Texas

Cover Photos: Courtesy of Communications Department

CITY OF NORTH RICHLAND HILLS, TEXAS

Comprehensive Annual Financial Report
Year Ended September 30, 2017

City Officials

Oscar Trevino
Mayor

Scott Turnage
Place 6
Mayor Pro Tem

Tito Rodriguez
Place 1

Rita Wright Oujesky
Place 2

Tom Lombard
Place 3

Dr. Tim Barth
Place 4

Mike Benton
Place 5

Tim Welch
Place 7

Mark Hindman
City Manager

Karen Bostic
Assistant City Manager

Paulette Hartman
Assistant City Manager

Jimmy Perdue
Director of Public Safety

Mike Curtis
Managing Director for Development Services

Mark Mills
Director of Finance

Prepared by: Finance Department

NORTH RICHLAND HILLS
City of Choice

ACKNOWLEDGEMENTS

The Comprehensive Annual Financial Report was prepared by the Department of Finance Office of Accounting:

Karen Bostic
Assistant City Manager

Mark Mills, CGFO
Director of Finance

Financial Reporting Staff:

Glenn Mizell, CMA, PMP, CGFO, Assistant Director
Amanda Townsend, Finance Assistant
Amanda Brown, Accountant II
Andrew MacNeal, Accountant II
Tina Marsden, Accounting Technician
Stephanie Hasse, Accounting Technician
Lisandra Leal, Accounting Technician

Special appreciation is given to:

Budget and Research Department
Robert Myers, Director
Jennipher Castellanos, CGFO, Senior Budget Analyst
Anne Adiele, Budget Analyst

Human Resources Department
Patrick Hillis, Director
Cameron Rowland, Assistant Director
Ellen Cooper, Benefits Coordinator
Jenny Bransford, Payroll Specialist
Nancy Holcomb, Human Resources Generalist

And to all the departments and personnel throughout the City whose extra effort to contribute timely financial data for their departments made this report possible.

CITY OF NORTH RICHLAND HILLS, TEXAS

Comprehensive Annual Financial Report
Year Ended September 30, 2017

	Page(s)
Title Page	I
Table of Contents	III - V
INTRODUCTORY SECTION	
Letter of Transmittal	VI-X
GFOA Certificate of Achievement	XI
Organization Chart	XII
List of Principal Officials	XIII
FINANCIAL SECTION	
Independent Auditor's Report	1 - 3
Management Discussion and Analysis	4 - 16
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements:	
Statement of Net Position	17
Statement of Activities	18
Fund Financial Statements:	
Balance Sheet - Governmental Funds	19-22
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	23
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	24-25
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities	26
Statement of Net Position - Proprietary Funds	27-28
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	29
Statement of Cash Flows - Proprietary Funds	30
Statement of Net Position - Fiduciary Funds	31
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	32
Notes to Basic Financial Statements:	35-70

CITY OF NORTH RICHLAND HILLS, TEXAS

Comprehensive Annual Financial Report
Year Ended September 30, 2017

	Page(s)
REQUIRED SUPPLEMENTARY INFORMATION:	
Texas Municipal Retirement System Plan - Schedule of Changes in Net Pension Liability and Related Ratios	71
Texas Municipal Retirement System Plan - Schedule of Contributions	72
North Richland Hills Other Post-Employment Benefits Schedule of Funding Progress	73
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual	
General Fund	74
Parks and Recreation Development Corporation Fund	75
Gas Development Fund	76
Notes to Required Supplementary Information	77-79
OTHER SUPPLEMENTARY INFORMATION:	
Non-major Governmental Funds:	
Combining Balance Sheet	80 - 81
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	82 - 83
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual	
General Debt Service Fund	84
Promotional Fund	85
Donations Fund	86
Special Investigations Fund	87
Drainage Utility Fund	88
Crime Control District Fund	89
Traffic Safety Fund	90
Internal Service Funds:	
Combining Statement of Net Position	91
Combining Statement of Revenues, Expenses and Changes in Net Position	92
Combining Statement of Cash Flows	93
Notes to Other Supplementary Information	94 - 98
Proprietary Funds Other Supplementary Information	
Schedule of Revenues, Expenses and Changes in Net Position - Budget (Non-GAAP Basis) and Actual	
Utility Fund	99 - 100
Aquatic Park	101
Golf	102
Facilities and Construction	103
Fleet Services	104
Self Insurance Fund	105
Information Technology	106

CITY OF NORTH RICHLAND HILLS, TEXAS

Comprehensive Annual Financial Report
Year Ended September 30, 2017

		Page(s)
STATISTICAL SECTION		
Financial Trends		
Net Position by Component	Table 1	107 - 108
Changes in Net Position	Table 2	109- 112
Fund Balance - Governmental Funds	Table 3	113
Changes in Fund Balance - Governmental Funds	Table 4	114 - 115
Revenue Capacity		
Appraised and Taxable Value of Property	Table 5	116 - 117
Property Tax Rates - Direct and Overlapping Governments	Table 6	118 - 119
Principal Taxpayers	Table 7	120
Property Tax Levies and Collections	Table 8	121 - 122
Debt Capacity		
Ratios of Outstanding Debt by Type	Table 9	123 - 124
Computation of Direct and Overlapping Debt	Table 10	125
Computation of Legal Debt Margin	Table 11	126
Pledged Revenue Coverage	Table 12	127
Demographic and Economic Information		
Demographic Statistics	Table 13	128 - 129
Principal Employers	Table 14	130
Full-time Equivalent Municipal Employees by Function/Program	Table 15	131 - 132
Operating Information		
Operating Indicators by Function/Program	Table 16	133 - 134
Capital Asset Statistics by Function/Program	Table 17	135 - 136

This page intentionally left blank.

Introductory Section

This page intentionally left blank.

NORTH RICHLAND HILLS
NRH
THE CITY OF CHOICE

Department of Finance

March 21, 2018

To the Honorable Mayor, City Council Members, City Manager, and Residents of the City of North Richland Hills, Texas:

We hereby issue the comprehensive annual financial report of the City of North Richland Hills, Texas (the "City") for the fiscal year ended September 30. 2017.

This report consists of City management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in the report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles ("GAAP"). Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by BKD, LLP, independent auditors. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2017, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded based upon the audit, that there was a reasonable basis for rendering unmodified opinions that the City's financial statements for the fiscal year ended September 30, 2017, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City's separately issued Single Audit Report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis ("MD&A"). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

P.O. Box 820609 ◆ North Richland Hills, Texas ◆ 76182-0609
7301 Northeast Loop 820 ◆ Finance ◆ 817-427-6166 ◆ Fax 817-427-6151

Profile of North Richland Hills

The City, incorporated in 1953, is a growing community located in the heart of the Dallas/Fort Worth Metroplex. The City's estimated population is 69,768 for 2017. The City is also home to over 1,200 commercial and industrial businesses. The third largest city in Tarrant County, North Richland Hills ("NRH") is only 10 minutes from downtown Fort Worth and 25 minutes from downtown Dallas. Interstate Loop 820 and Texas 121/183 (Airport Freeway) traverse the City, providing freeway access to five additional interstates and numerous US and state highways. The City is also conveniently located 10 minutes from Dallas/Fort Worth International Airport and 15 minutes from Alliance Airport. D/FW International Airport has over 2,000 flights daily with non-stop service to all major North American cities and many overseas destinations. The Alliance development facilitates the transport of merchandise through both the airport and the Burlington Northern/Santa Fe Intermodal Facility.

The City operates under a charter adopted in 1964 which provides for a Council-Manager form of government. The Mayor and seven Council members are elected at large. The City Council is responsible for all matters of policy as well as for levying taxes, securing revenues, authorizing expenditures of City funds, and incurring City debts. The City Manager is directly responsible to the City Council. An organizational chart follows to show the various levels of responsibility.

The City provides a full range of services. These services include police and fire protection; municipal court operations; the construction and maintenance of streets and infrastructure; parks, library, and recreational activities including tennis center operations; neighborhood services activities; planning and inspections; and the operations of a water and wastewater system, a golf course, and a public waterpark. A private contractor, through a franchise agreement, provides solid waste collection and disposal services for the City.

The annual budget serves as the foundation for the City's financial planning and control. The City maintains budgetary controls to ensure compliance with provisions in the annual budget adopted by the City Council. Annual operating budgets are adopted for the General Fund, certain Special Revenue Funds, Debt Service Funds, Enterprise Funds, and Internal Service Funds. Project-length financial plans are adopted for the Capital Project Funds. The level of budgetary control – the level at which expenditures/expenses cannot legally exceed the appropriated amount – is established at the fund level. Detail control is accomplished by maintaining appropriations, encumbrances, and expended balances by line item within each operating department, within each operating fund. All annual appropriations lapse at the end of the fiscal year. Budgetary data for proprietary funds has not been presented since reporting on such budgets is not legally required.

Prior to September 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted to obtain taxpayer comments. Prior to September 30, the budget is legally enacted through passage of an ordinance. The appropriated budget is prepared by fund, department, and division. The City Manager is authorized to transfer budgeted amounts between departments within any fund. Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

Transfers of appropriations between funds require the approval of the City Council. Budget-to-actual comparisons are provided in the report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, comparisons begin on page 74 in the required supplementary information segment of the financial statements. The comparisons for other governmental funds with appropriated annual budgets are presented in the other supplementary information of this report.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

Local economy — The City continues to grow as all major economic indicators are trending in the right direction and it remains geographically positioned as the main link between bustling downtown Fort Worth and affluent Northeast Tarrant County. Adjacent to the high socioeconomic level cities of Colleyville, Keller and Southlake; the City remains not only the largest City in Northeast Tarrant County with 69,768 people, but it is poised to eclipse 85,000 people within the next two decades.

Since 2010, the City has grown by 5.1% in total population, adding over 3,350 residents. This growth rate matches the county rate, which includes the high growth areas of North Fort Worth, the city of Keller, the city of Southlake and the city of Mansfield.

This past year also witnessed continued growth in taxable sales, taxable property values and new home starts. Compared to the previous fiscal year, taxable sales grew by 3%, a $26 million increase. This figure is expected to increase in Fiscal Year 2017/18 as additional business opens along the central sector's Northeast Loop 820 commercial corridor and the far north sector of the City. Taxable property value grew for the 7th straight year, this time over $449 million, reaching approximately $4.6 billion in net taxable value. Finally, the City continues steady residential growth, adding another 217 new single-family homes with an average value over $400,000 while approving 259 more lots, keeping the funnel full with 400 shovel ready lots. Residential growth was only exceeded by the City of Southlake by 25 lots in Northeast Tarrant County.

The City maintains a diverse mix of 1,200 brick and mortar businesses with 14 primary employers representing 5,000 full time jobs within the healthcare, finance, aerospace and supply chain sectors. Healthcare and commercial business logistics company Stericycle has renovated approximately 84,000 square feet of former box big retail space at Richland Centre, which is now occupied by 500 employees. Other new office additions include Riverwalk Financial (24,000 SF) at the Crossing Corporate Center, Federated Mutual Insurance (11,000 SF) at Frost Tower, and over 17,000 square feet of newly constructed garden office near Mid Cities and Davis. These new additions contributed to a positive net absorption rate for the year in the office sector.

The City continues to experience quality commercial development and revitalization thanks to high standards and the ability to adapt and reinvent itself. New commercial growth continues in the North Tarrant Marketplace development with the addition of LA Fitness, Banfield Pet Hospital, Wag n' Wash pet store, Jersey Mikes Subs, The Joint Chiropractic, and Mattress Firm. Commercial redevelopment is also in progress along Northeast Loop 820 as over 13 acres, representing 20% of the City's highway frontage, is now either for sale or undergoing redevelopment. This redevelopment effort includes new locations for two local favorite restaurants, Babe's Chicken Dinner House (scheduled to open in late 2018) and Sweetie Pie's Ribeyes (schedule to open in mid-2019).

Given the aforementioned economic update, 2018 is projected to be another strong year. The City is setting the stage for two separate commuter rail stops to open later this year. The station sites are surrounded by 160 acres of unimproved property forecasted to develop with a mix of both residential and commercial uses over the next 10 years.

Long-term financial planning — In 2012, NRH voters authorized the construction of a new City Hall. The election authorized $48 million in general obligation debt for the project. The new facility is the center of a new economic environment in the oldest part of the city. Located on the site of a former retail mall, the plans provide for mixed use where commercial and multiple family housing stimulate the revitalization of the area. This project was substantially complete, and the space occupied beginning in March 2016.

In February 2003, the voters authorized the development of 22 street projects (arterial, collector, and residential), two drainage projects, and four municipal facilities projects with the passage of four propositions in the 2003 Bond Election. The authorized election package totaled $37,210,000 for the aforementioned projects. The City Council and management believe development of these projects is needed to improve infrastructure and provide essential services to its citizens.

At least annually, management reviews and updates long-range financial plans for the general operations of the City as well as the proprietary activities. Forecasts are prepared using conservative growth estimates for major sources of revenue. Maintaining this conservative approach, coupled with an aggressive debt repayment policy, has assisted the City in retaining a favorable bond rating since 1997. Analysis is continuously updated to reflect new bond issues and the repayment thereof, as well as updates to estimates based on new developments, historical trends, changes in applicable legal requirements, and Council and management priorities.

The plans for the internal service funds include the accumulation of resources for meeting both current and future needs. For example, facilities, fleet, and information technology support services collect user fees to meet current maintenance needs as well as to meet future capital replacement needs.

Similarly, the City's policy with regard to self-insurance premiums has been to collect sufficient amounts to cover current health and dental claims as well as additions to reserves for future claims. In fiscal years 2002 and 2003 the Self Insurance (Internal Service) Fund reserves of $3.1 million were depleted due primarily to spiraling inflation in the health care industry and unforeseeable extraordinary health claims. In fiscal year 2004, City Council adopted a strategy to rebuild reserves over a six-year period beginning in fiscal year 2005. Savings from changes in the health care plan, transfers from existing cash reserves in the General Fund and Water and Sewer Fund, and employee premiums were used and continue to re-establish the reserves. In both 2016 and 2017, the City once again experienced significant inflationary costs and extraordinary health claims, which necessitated the use of a portion of the rebuilt reserves. Management has instituted procedures to address the rising costs in both active employee and retiree health care costs.

Similar plans for the build-up of reserves exist for the City's enterprise operations. Funds are set aside to meet future capital replacement needs such as infrastructure replacement and capital asset acquisitions. This approach has allowed the City's water and sewer operation to meet the majority of its capital replacement needs with the issuance of minimal debt. NRH_2O, the City's waterpark, has funded some new attractions and infrastructure improvements by utilizing cash reserves accumulated from operations.

Cash management policies and practices – The City's current bank depository contract with JP Morgan Chase Bank, N.A., began on October 1, 2014 and the City has exercised the option to extend the contract for an additional two years with an end date of September 30, 2019. Cash temporarily idle during the year was invested in four public funds investment pools, certificates of deposit, agency and corporate securities, and U.S. Treasury Notes.

The maturities of the investments range from overnight to three years. The average yield for overnight investments for fiscal year 2017 was 1.01%, and the weighted average maturity ("WAM") was 34 days. The average yield on all other investments for fiscal year 2017 (yield at cost) was 1.28% compared to 1.00% for the prior year. The portfolio's weighted average maturity for all other investments at the end of the fiscal year was 676 days, which represents an 1-day decrease over last year's WAM of 677 days.

At fiscal year-end, approximately 53% of the portfolio was invested beyond one year, 7% was invested for one year or less, and the remaining 40% was invested in the overnight market. The City continues to use the services of PFM Asset Management, LLC as an investment advisor and overseer of the portfolio, which began on October 1, 2009.

Risk management — The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. While the City has historically retained a portion of these risks, coverage exists for: general, employment practice, law enforcement, and errors and omissions liability; excess workers' compensation; property damage; commercial crime coverage; and employee life insurance. The Self-Insurance Fund is responsible for workers' compensation, health, automobile liability, and general liability insurance. The City maintains a stop loss third party insurance policy with respect to health claims. This policy covers City medical claims in excess of $175,000 per individual per year, and/or $9,445,195 in the aggregate for a 12-month period beginning on January 1, 2017. Self-Insurance Fund claims are funded by charges to other funds and employee, retiree, and dependent premiums. Additional information on the City's risk management activity can be found in the notes to the basic financial statements.

Pension and other post-employment benefits — The City participates in the Texas Municipal Retirement System ("TMRS"), an agency authorized by the State of Texas. Employees of the City contribute a fixed percentage of their gross pay (currently 7%). TMRS participants are immediately vested in those funds they contribute plus allocated interest. Participants are vested in employer contributions after five years of credited participation. If participants withdraw from TMRS prior to five years of credited participation, they may withdraw from TMRS those funds they contributed plus interest earnings. The City has historically provided postretirement health and dental care benefits for certain retirees and their dependents, but as of January 2018, that benefit has begun to be phased out when an individual reaches age 65. As of the current fiscal year, there were 165 retired employees receiving these benefits. Additional information on the City's pension arrangements and post-employment benefits can be found in the notes to the basic financial statements.

Awards — Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to North Richland Hills for its comprehensive annual financial report for the fiscal year ended September 30, 2016. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate. This is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. The City has received a Certificate of Achievement for the last thirty-four consecutive years.

The City also received an award in 2017 for the 2016-2017 operating budget. The Distinguished Budget Presentation award was granted to the City for the 27th consecutive year by the GFOA.

Acknowledgments — Timely preparation of this Comprehensive Annual Financial Report was made possible by the dedicated service of the Finance Department staff and our independent auditors, and other City staff. We would like to express sincere appreciation to those who contributed to the process.

In closing, the continued leadership and support of the Mayor, City Council, and City Manager in planning and conducting the financial operation of the City is sincerely appreciated.

Respectfully submitted,

Mark C. Mills
Director of Finance

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of North Richlands Hills

Texas

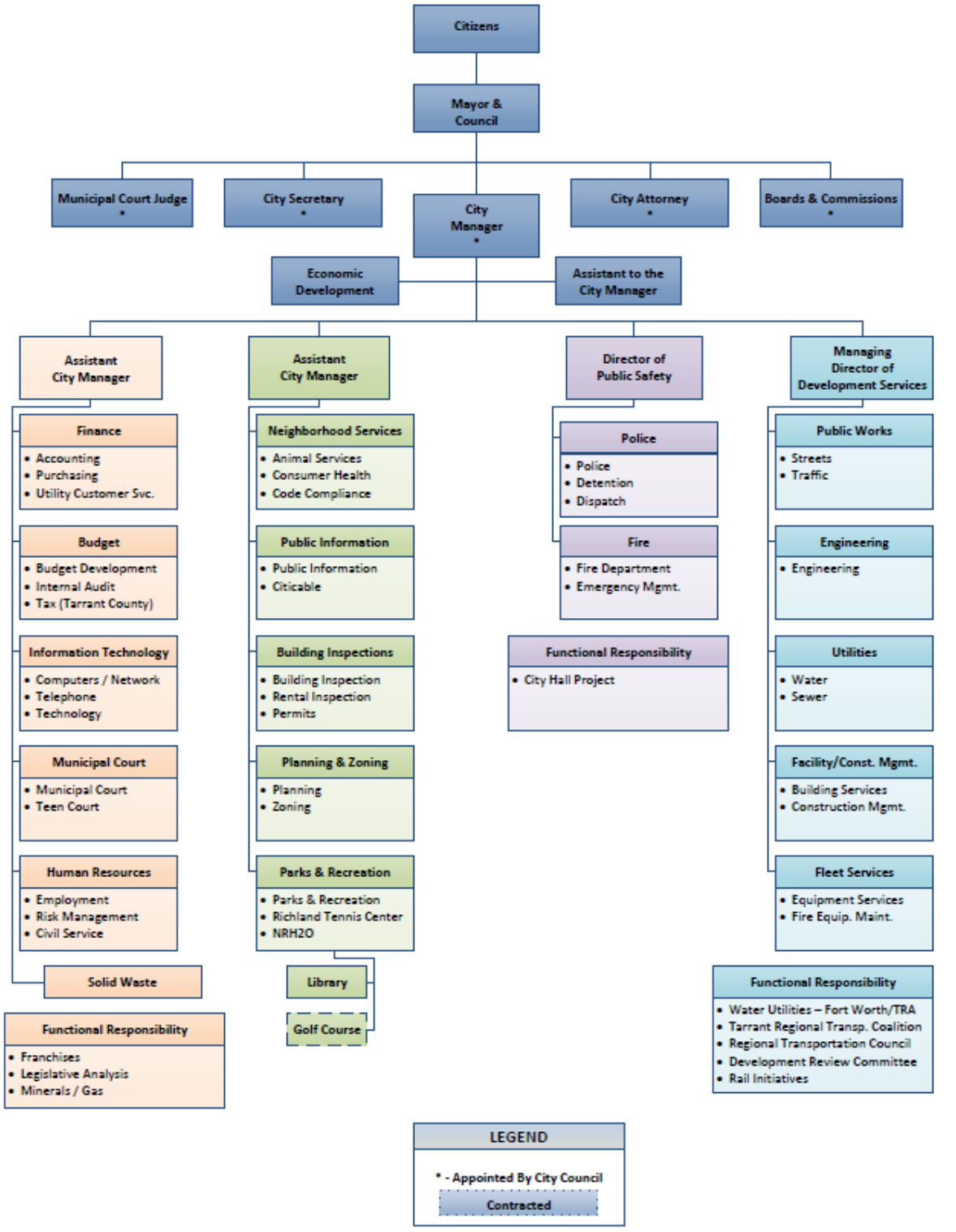
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2016

Christopher P. Morrill

Executive Director/CEO

ORGANIZATION CHART



CITY OF NORTH RICHLAND HILLS, TEXAS

List of Principal Officials
September 30, 2017

MAYOR	OSCAR TREVINO
MAYOR PRO TEM, COUNCIL MEMBER, PLACE 6	SCOTT TURNAGE
COUNCIL MEMBER, PLACE 1	TITO RODRIGUEZ
COUNCIL MEMBER, PLACE 2	RITA WRIGHT OUJESKY
COUNCIL MEMBER, PLACE 3	TOM LOMBARD
COUNCIL MEMBER, PLACE 4	DR. TIM BARTH
COUNCIL MEMBER, PLACE 5	MIKE BENTON
COUNCIL MEMBER, PLACE 7	TIM WELCH
City Manager	Mark Hindman
Assistant City Manager	Karen Bostic
Assistant City Manager	Paulette Hartman
Director of Public Safety	Jimmy Perdue
Managing Director of Development Services	Mike Curtis
Managing Director of Community Services	Vickie Loftice
City Secretary	Alicia Richardson
City Attorney	Maleshia McGinnis
Director of Human Resources	Patrick Hillis
Director of Finance	Mark Mills
Director of Budget and Research	Robert Myers
Director of Economic Development	Craig Hulse
Planning Manager	Clayton Comstock
Public Information Officer	Mary Peters
Director of Information Technology	Kyle Spooner
Municipal Court Administrator	Rebecca Vinson
Director of Neighborhood Services	Stefanie Martinez
Library Director	Cecilia Hurt Barham
Fire Chief	Stan Tinney
Director of Facilities & Construction	Chris Amarante
Chief Building Official	Dave Pendley

Financial Section

This page intentionally left blank.

BKD LLP
CPAs & Advisors

14241 Dallas Parkway, Suite 1100 // Dallas, TX 75254-2961
972.702.8262 // fax 972.702.0673 // bkd.com

Independent Auditor's Report

The Honorable Mayor and Members of the City Council
City of North Richland Hills, Texas
North Richland Hills, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of North Richland Hills, Texas (the City) as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Praxity MEMBER GLOBAL ALLIANCE OF INDEPENDENT FIRMS

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2017, and the respective changes in financial position and, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison, pension and other postemployment information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund statements, budget to actual schedules, introductory and statistical sections as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and budget to actual schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

BKD, LLP

Dallas, Texas
March 21, 2018

CITY OF NORTH RICHLAND HILLS, TEXAS
Management's Discussion and Analysis
September 30, 2017

The City of North Richland Hills, Texas (the "City") Management's Discussion and Analysis ("MD&A") is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position (its ability to address the next and subsequent years' challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

MD&A is designed to focus on the current year's activities, resulting changes, and currently known facts, and should be read in conjunction with the City's financial statements (beginning on page 17).

Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the fiscal year ended September 30, 2017 by over $301.7 million (net position). Of this amount, approximately $25.1 million (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

- The City's total net position decreased by $1.37 million in fiscal year 2017. Additional details of this decrease may be found beginning on page 18 (Statement of Activities).

- As of September 30, 2017, the City's governmental funds reported combined fund balances of $65,020,298, which represents an increase of $1.39 million in comparison to the prior fiscal year's ending balance.

- Approximately 47.2% of total governmental fund balance, or $30,682,218, is available for appropriation at the City's discretion (assigned and unassigned fund balance).

- The City's objective regarding General Fund fund balance is to maintain a minimum unassigned fund balance to operate the City for a period of 60 days or 15% of the following year's appropriated budgeted expenditures. This objective was met at year end.

- At the end of the current fiscal year, unassigned fund balance for the General Fund was $10,683,474 or 23.6% of General Fund actual expenditures, including transfers out, for 2017. This unassigned balance represents 23.0% of the Fiscal Year 2017/2018 adopted budget.

- The City's total debt decreased by approximately $4.37 million during the fiscal year 2017. This includes the addition $7.5 million in new debt and $1.9 million in a refunding bonds, net of scheduled principal payments.

Overview of the Financial Statements

MD&A is intended to introduce the reader to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The report also contains other required supplementary information in addition to the basic financial statements.

Government-wide financial statements - The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to private-sector business.

The Statement of Net Position presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial condition of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned, unused vacation leave). Both the Statement of Net Position and the Statement of Activities are prepared using the accrual basis of accounting as opposed to the modified accrual basis used in governmental funds.

In the Statement of Net Position and the Statement of Activities, the City's operations are separated into two types of activities:

- *Governmental activities* - Most of the City's basic services are reported here, including the activities of public safety, culture and recreation, public works, and general government. Property taxes, sales taxes, and franchise fees finance most of these activities.

- *Business-type activities* – For this type of activity, the City charges a fee to customers to cover all or most of the cost of services provided including the recovery of costs of capital assets used in the delivery of such services. The City's water and sewer, golf course, and aquatic park activities are reported here.

  The government-wide financial statements can be found on pages 17 – 18 of the comprehensive annual financial report.

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund financial statements provide detailed information about the most significant funds, not the City as a whole. Some funds are required to be established by state law, bond covenants, or Council ordinance. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

- *Governmental funds* - The majority of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances available for appropriation at year-end. These funds are reported using an accounting method identified as the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. Statements of governmental funds provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources available for appropriation in the near future to finance City programs. By comparing information presented for governmental funds with similar information presented for *governmental activities* in the government-wide financial statements, readers may better understand the long-term impact of the government's near-term financing decisions. The relationship or differences between *governmental activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are detailed in a reconciliation following the fund financial statements.

The City maintains six major individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds (pages 19 - 26). The General Fund, General Debt Service Fund, General Capital Projects Fund, Parks and Recreation Development Fund, Gas Development, and Tax Increment Finance District No. 2 are the major governmental funds of the City. Data from the other non-major governmental funds are combined into a single, aggregated presentation in the governmental statements.

- *Proprietary funds* - The objective of proprietary funds is to charge customers, both internal and external, for services provided in an amount sufficient to cover virtually all costs including the replacement of assets used in the delivery of such services. These services are generally reported in proprietary funds. Proprietary funds are reported in the same manner that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are almost identical to the business-type activities that are reported in the government-wide statements, but provide more detail and additional information, such as the statement of cash flows. The internal service funds (the other component of proprietary funds) are utilized to report activities that provide supplies and services for the City's other programs and activities, such as the City's facilities maintenance and construction services, fleet management, employee and property insurance coverage, and telephone and computer services. Because these services benefit both governmental and business-type functions, they have been included in both the governmental and business-type activities in the government-wide financial statements.

  The City maintains three enterprise funds, which it uses to account for the provision of water and wastewater services, golf course operations, and water park activities. The City has two major proprietary funds: Utility and Aquatic Park. Golf course is considered a non-major fund. Financial statements for the enterprise funds can be found on pages 27 – 30 of the report.

Notes to the financial statements - The notes to the financial statements provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 35 - 70 of this report.

Government-Wide Financial Analysis

The government-wide financial analysis highlights the information contained in the Statement of Net Position and Statement of Activities. The City's combined net position was $301,668,419 as of September 30, 2017. Analyzing the net position of governmental and business-type activities separately, governmental activities total net position was $235,483,061 and business-type activities total net position was $66,185,358. This analysis focuses on the net position and changes in program and general revenues and significant expenses of the City's governmental and business-type activities.

Statement of Net Position – The largest portion of the City's net position (86.7%) reflects its net investment in capital assets (e.g., land, buildings, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses capital assets to provide services to citizens; consequently, capital assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these obligations. The following table presents the condensed government-wide statement of net position as of September 30, 2017 and 2016. Current and other assets include restricted deposit and investment balances.

Schedule of Assets, Liabilities, and Net Position
Amounts shown in thousands ($000's)
As of September 30, 2017

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	$ 84,637	$ 82,341	$ 27,081	$ 30,980	$ 111,718	$ 113,321
Capital assets, net	318,463	315,785	67,381	69,434	385,844	385,219
Total Assets	403,100	398,126	94,462	100,414	497,562	498,540
Total deferred outflows of resources	12,009	14,733	1,550	1,883	13,559	16,616
Long-term liabilities	153,269	155,857	21,880	25,882	175,149	181,739
Other liabilities	23,023	22,414	7,524	4,793	30,547	27,207
Total liabilities	176,292	178,271	29,404	30,675	205,696	208,946
Total deferred inflows of resources	3,334	2,797	423	361	3,757	3,158
Net Position:						
Net investments in capital assets	208,509	199,625	53,000	54,387	261,509	254,012
Restricted	11,258	4,006	3,764	3,508	15,022	7,514
Unrestricted	15,716	28,160	9,421	13,366	25,137	41,526
Total net position	$ 235,483	$ 231,791	$ 66,185	$ 71,261	$ 301,668	$ 303,052

Statement of Activities – Governmental activities increased the City of North Richland Hills' net position by $3.7 million in fiscal year 2017, and business-type activities decreased net position by $5.1 million. The following table presents the condensed government-wide statement of activities for the years ended September 30, 2017 and 2016.

Changes in Net Position
Amounts shown in thousands (000's)
Year Ended September 30, 2017

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	$ 12,741	$ 11,873	$ 38,644	$ 37,102	$ 51,385	$ 48,975
Operating grants and contributions	4,911	3,336	-	-	4,911	3,336
Capital grants and contributions	1,648	4,575	-	-	1,648	4,575
General revenues:						
Property tax	29,853	27,060	-	-	29,853	27,060
Sales tax	19,838	19,324	-	-	19,838	19,324
Mixed beverage	145	139	-	-	145	139
Franchise taxes	4,016	4,437	-	-	4,016	4,437
Occupancy taxes	279	275	-	-	279	275
Unrestricted investment earnings	285	522	75	128	360	650
Miscellaneous	638	4,078	157	3	795	4,081
Total revenue	74,354	75,619	38,876	37,233	113,230	112,852
Expenses:						
General government	10,056	17,381	-	-	10,056	17,381
Public safety	36,901	36,372	-	-	36,901	36,372
Culture and recreation	13,477	12,638	-	-	13,477	12,638
Public works	11,363	9,570	-	-	11,363	9,570
Interest and other fees	3,743	4,016	-	-	3,743	4,016
Utility	-	-	31,656	31,491	31,656	31,491
Aquatic park	-	-	4,864	5,006	4,864	5,006
Golf course	-	-	2,554	2,466	2,554	2,466
Total expenses	75,540	79,977	39,074	38,963	114,614	118,940
Increase (decrease) in net position before transfers	(1,186)	(4,358)	(198)	(1,730)	(1,384)	(6,088)
Transfers between governmental and Business-Type activities	4,878	5,708	(4,878)	(5,708)	-	-
Net Increase (decrease) in net position	3,692	1,350	(5,076)	(7,438)	(1,384)	(6,088)
Net position - beg. of year	231,791	230,441	71,261	78,699	303,052	309,140
Net position - end of year	$ 235,483	$ 231,791	$ 66,185	$ 71,261	$ 301,668	$ 303,052

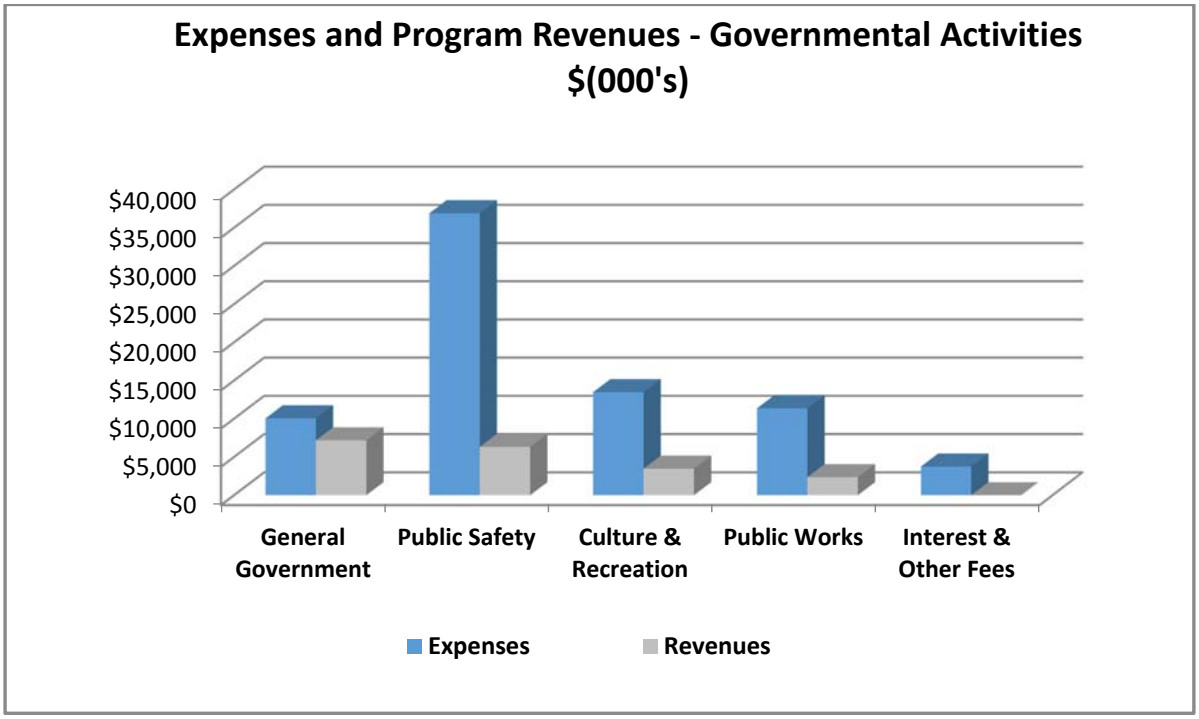
Governmental activities – In comparison to 2016, overall assets for Governmental Activities increased $4.98 million or 1.2% in 2017. Capital assets increased $2,677,759 in 2017. This activity was related to capital improvement projects, specifically improvements to streets and roadways. Governmental Activity debt liability totals declined 2.5% or approximately $3.0 million over 2016 balances. During the year, the City issued $7,545,000 in new debt, as well as a $1,695,000 refunding (exclusive of $205,000 for business-type activities), offset by principal repayments of $12.2 million for governmental funds.

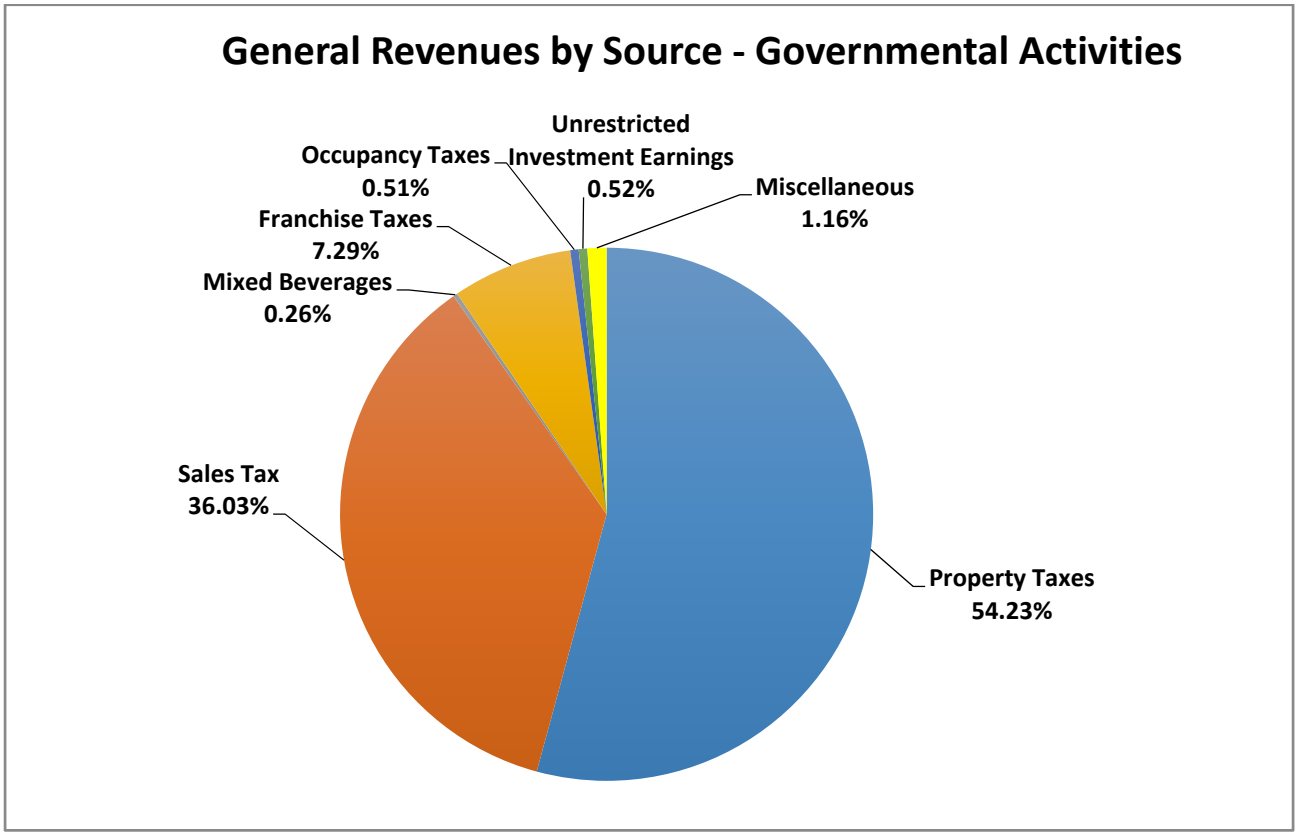
Governmental activities increased the City of North Richland Hills' net position by approximately $3.7 million in fiscal year 2017. The City had an increase in tax revenues of $2.89 million during 2017. Property and Sales tax revenues had the biggest gains of this total with increases of $2,792,455 and $514,292 respectively. Property taxes rose 10.3% due to an increase in the taxable base. This increase was the result of changes in existing values, plus an additional $123.8 million in taxable value from new construction. Of the new construction value increase, residential new construction accounted for roughly 38%, while commercial represented roughly 62%. Sales taxes grew 2.7% due to continued economic recovery, especially from the major interstate corridor construction that caused sales tax revenues to level off in prior years.

The City did experience a decline in franchise fees received on 2017 in comparison to 2016; roughly $421,000. Cable franchise fees continued their declining trend. There was also a significant decline in the gas franchise fee. As the result of a new franchise agreement, the period covered by the payment shifted from June through May to January through December. Only seven months of franchise fees were collected in 2017 as a result; January through May were collected as part of the 2016 payment. Both the telephone and electric franchise payment declined as well.

Charges for services increased $0.88 million or approximately 7.4%. Operating Grants and Contributions saw an increase of $1.6 million in 2017 versus 2016 activity. The sharpest change was to Capital Grants and Contributions, which decreased by roughly $2.9 million. This decrease was expected due to completion and redistribution of some major grant capital in the area of General Government, Public Safety and Public Works. Significant projects included the HIDTA funded North Texas Anti-Gang Center, the Davis/Mid-Cities Intersection, and the reconstruction of Rufe Snow Drive.

The Governmental activities saw a total decrease in expenses totaling approximately $4.4 million or approximately 5.5% below 2016 levels. This change appears as a decrease, primarily, in General Government due to the completion of the new City Hall facility. The most significant increases in expenses were seen in Culture and Public Works, approximately $0.8 million and $1.8 million respectively. Two non-fund specific expenses, OPEB and depreciation, recognized only in the government wide statements, grew during 2017. Like last year, OPEB costs continue to rise, increasing the liability by $1.7 million, or 15.1%. Depreciation expense rose $1.2 million or 12.3%, primarily due to a full year's depreciation on the City Hall facility placed in service in the second half of fiscal year 2016. Debt service interest and fiscal charge expense decreased by approximately 2.4% or $86,697. Refer to the fund level financial analysis section for further details.



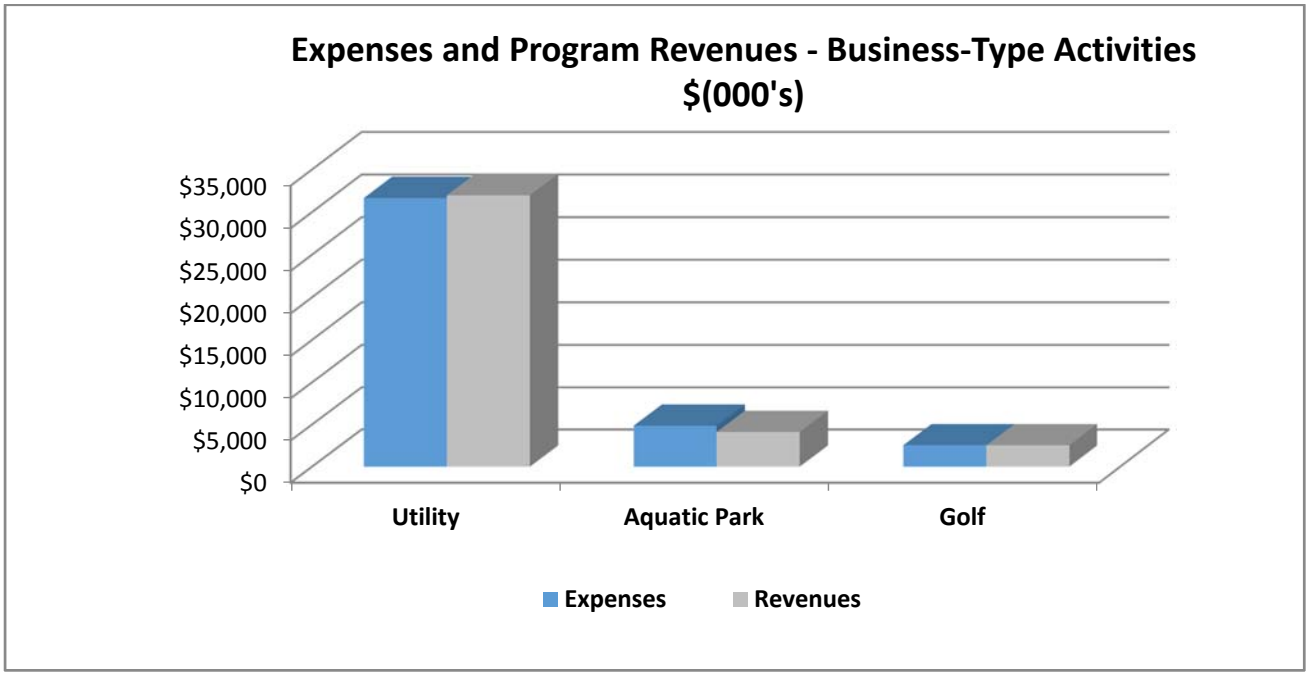


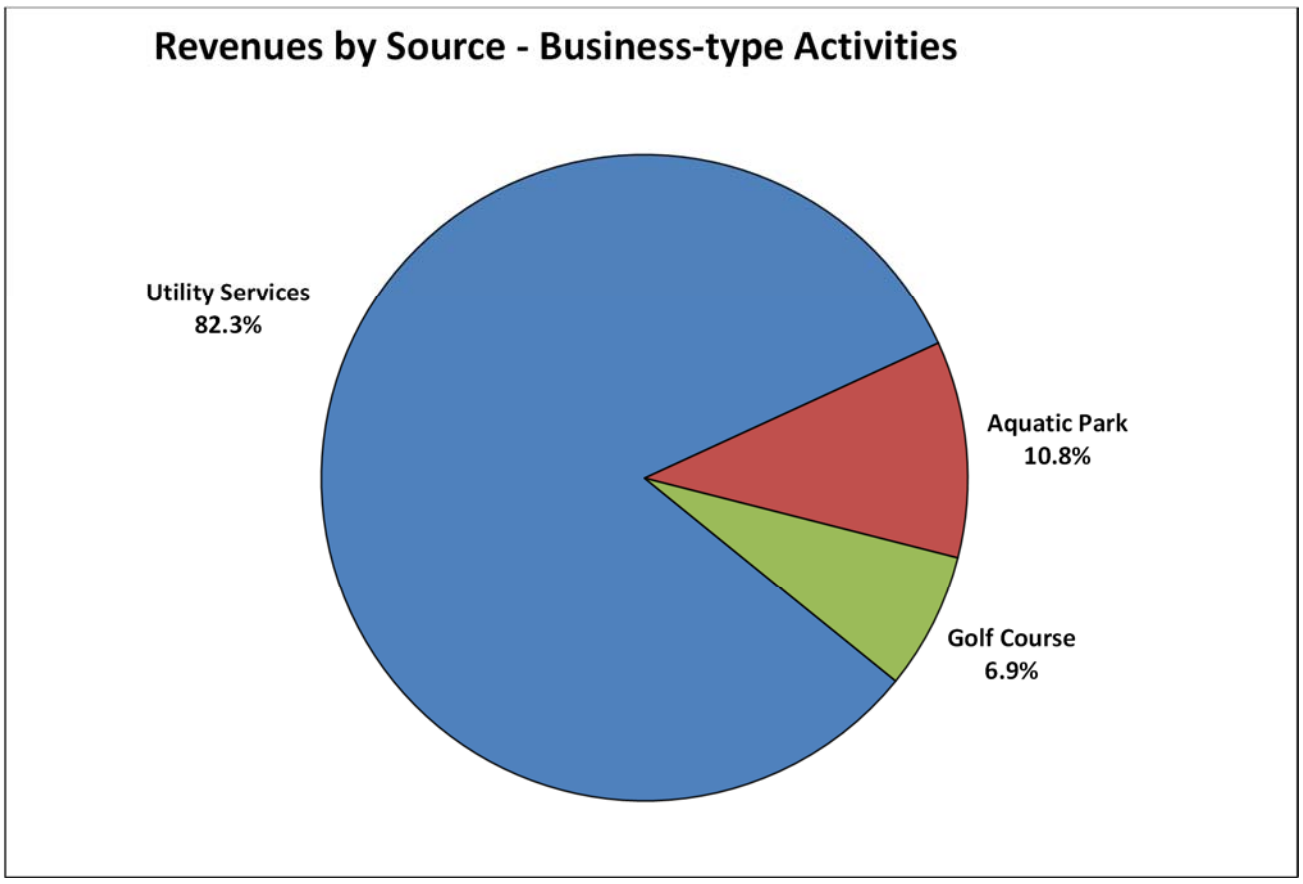
Business-type activities – Business-type activities resulted in a decrease to the City's total net position of $5.1 million in 2017. Overall the Utility operations (before non-operating revenues (expenses) and transfers to governmental activities) resulted in an increase in operating income of roughly $611,300. Transfers out of the Utility Fund into General Funds totaling $4.0 million, for PILOT fees, indirect fees, and administrative fees, further reduced Business-Type Activities net position. Aquatic Park experienced a decrease in net position (before non-operating revenues (expenses) and transfers to governmental activities) of roughly $495,200. Golf course experienced an increase in net position (before non-operating revenues (expenses) and transfers to governmental activities) of roughly $4,800. The overall decrease for Business-type activities related to Utility fund share was roughly $3.7 million, which is inclusive of transfers out totaling $4.2 million.

Changes in net position for Business-type activities, after non-operating revenues (expenses) and before transfers to governmental activities are as follows. Utility operations experienced an increase in income before transfers of roughly $452,600. Aquatic Park experienced a decrease in income before transfers of roughly $737,600. The Golf course experienced an increase in income before transfers of roughly $87,500.

The Aquatic Park and Golf course operations are funded by consumers who patronize the facilities of both of these programs. The Aquatic Park saw a decrease in net position because attendance to the park did not meet expectations for the third consecutive year. Like Calendar 2016, 2017 was a substantially wet year in north Texas, and the prodigious rainfall drove attendance down. The City expects attendance to rebound in 2018. While the Golf Course was also affected by the number of rain days in 2017, the facility managed a near break-even year with revenues in most categories near the previous year.

Although much of the decrease in net position is directly related to net transfers out of business-type activities to governmental activities for shared costs and capital projects, Utility Fund activities also experienced higher costs and lower revenues thanks to the wet weather. On the whole, the weather demonstrated how sensitive business-type activities are to climate impacts.


Expenses and Program Revenues - Business-Type Activities
$(000's)
$35,000
$30,000
$25,000
$20,000
$15,000
$10,000
$5,000
$0
Utility
Aquatic Park
Golf
Expenses
Revenues


Revenues by Source - Business-type Activities
Utility Services
82.3%
Aquatic Park
10.8%
Golf Course
6.9%

Fund Level Financial Analysis

Governmental Funds. The focus of the City of North Richland Hills' governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City's Council itself, or the designated individual delegated the authority to assign resources for use for particular purposes (Council Designated).

At September 30, 2017, the City's governmental funds reported combined fund balances of $65,020,298, an increase of $1,388,154 in comparison with prior year. Unassigned fund balance of $10,683,474 is available for spending at the government's discretion. The remainder of the fund balance is either non-spendable, restricted, committed, or assigned to indicate that it is 1) not in spendable form ($271,369), 2) legally required to be maintained intact or to be used for a particular purpose ($31,935,967), 3) committed for particular purposes ($2,130,744), or 5) assigned for particular purposes ($19,988,744).

The general fund is the chief operating fund of the City. For 2017, the general fund unassigned fund balance was $10,683,474 – an increase of $2,245,646. Unassigned fund balance represents approximately, 24.91% of total general fund expenditures, while total fund balance represents 28.03% of that same amount. The general fund balance increase was due primarily to operational savings recognized at year end as well as a planned contribution to reserves of $1,000,000.

The General Capital Projects fund increased governmental fund balance by approximately $0.6 million. The City did issue an additional $7,545,000 in new certificates that remained partially unused at year-end. Of the fund's $11.6 million in expenditures, a significant portion can be attributed to the close out activities associated with the new City Hall project, as well as various street improvements.

General Debt Service fund saw an increase to fund balance of $19,997. The increase is associated with retirement of debt through principal and interest payments for 2017. The debt service fund had accumulated roughly $1.8 million in fund balance by the end of 2014. City Council and City Management planned a draw down of these funds to offset transfers out of regular operations for debt service requirements.

Parks and Recreation Development Corporation decreased governmental fund balance by $759,105. Conversely, the Rec Centre experienced an increase to fund balance of $289,204 from activity. The Gas Development fund contributed an increase to governmental fund balance totaling $241,220, bringing the Gas Development fund balance to $495,516 for 2017.

Proprietary Funds. The proprietary funds provide the same type of information found in the government-wide financial statements.

General Fund Budgetary Highlights

Original budget compared to final budget. During the fiscal year, there were sufficient reasons to revise original estimated revenues and original appropriations. Revenue amendments resulted in an increase of $1,200,765. Similarly, appropriations also increased $1,200,765. Increases were made to specific revenue projections, based on known activities and observed collection trends throughout the fiscal year. The City continues steady growth, adding another 217 new single-family homes while approving another 259 lots. As a result, Licenses and Permits revenue as budgeted increased $287,314 from 2016. Based on observed collection trends, Property Taxes were also increased just over $271,390. Fine & Forfeitures increased by $104,410. During the fiscal year, the City experienced higher than anticipated citation issuance, caused by specific activities related to some grant initiatives undertaken by the City.

An area with a modest change in the Revised from the Original Budget was Other Appropriations, which increased $184,621. This change was appropriated for prior year encumbrances.

Final budget compared to actual results. Revenue sources saw negative variances in four categories—sales taxes ($62,785 or .0.63%), mixed beverage taxes ($111 or 0.08%), charges for services ($81,978 or 3.34%), and miscellaneous ($4,315 or 0.17%). Other categories were revised upward and actual collections exceeded projections. Within Expenditures for the fiscal year, Transfers Out from General Fund exceeded budget ($155,080) which were comprised of a $50,000 transfer to General Capital Fund and a $105,080 transfer to Special Investigations Fund. Economic Development incentives exceeding budget ($19,610) consisted of sales tax rebates per development agreements.

Revenue source	Estimated Revenues	Actual Revenues	Difference
City sales taxes	9,992,202	9,929,417	(62,785)
Mixed beverage taxes	145,333	145,222	(111)
Charges for services	2,455,739	2,373,761	(81,978)
Miscellaneous	2,553,555	2,549,240	(4,315)

Expenditures	Estimated Appropriations	Actual Expenses	Difference
Transfers out	77,975	233,055	(155,080)
Economic development incentives	215,020	234,630	(19,610)

Capital Asset and Debt Administration

Capital assets - At the end of fiscal year 2017, the City had $385.8 million (net of accumulated depreciation) invested in a broad range of capital assets including, but not limited to, police and fire equipment, buildings, park facilities, roads, bridges, aquatic park facilities, golf course assets, and the water and sewer system. The following table provides capital asset balances net of accumulated depreciation for each major category for both governmental and business-type activities for the fiscal years ending September 30, 2017 and 2016.

Capital Assets
(net of Accumulated Depreciation)
Amounts shown in thousands (000's)

	Governmental Activities		Business-Type Activities		Total	Total
	2017	2016	2017	2016	2017	2016
Land & land imp.	$ 79,920	$ 79,505	$ 2,579	$ 2,579	$ 82,499	$ 82,084
Works of art	310	310	-	-	310	310
Buildings & imp.	105,890	110,281	1,575	1,718	107,465	111,999
Other imp.	102,996	100,286	13,275	13,786	116,271	114,072
Utility plant	-	-	45,480	47,952	45,480	47,952
Machinery & equip.	8,464	8,712	1,159	1,029	9,623	9,741
Assets held for resale	15	15	-	-	15	15
Const. in progress	20,868	16,676	3,313	2,370	24,181	19,046
Total capital assets	$318,463	$315,785	$67,381	$69,434	$ 385,844	$385,219

This year's major additions included:

Description		Amount
Buildings	$	604,560
Various Street Improvements		4,288,013
Computer, Machinery, and Equipment		161,112
Various Park Improvements		1,601,046
Various Drainage Improvements		1,876,776
Various Water/Sewer Repl and Improvements		733,645
Various Vehicles		658,919
Various Land Acquisitions		934,253

The City prepares an annual Capital Improvement Projects budget that assigns specific funds and resources for use to only these projects. Until appropriations are removed, these resources are unavailable for general operations or new capital projects.

The City currently has committed resources (displayed as Noncurrent Assets—cash equivalents in the Statement of Net Position) totaling $31,747,590 for both the Governmental and Business-type activities.

These resources will be used to purchase major equipment, construct new buildings, and add new infrastructure such as water and sewer lines and streets.

More information on capital assets can be found in footnote III.C. in the Footnotes to the financial statements.

Debt - At September 30, 2017 and 2016, the City had the following debt outstanding:

Outstanding Debt
Amounts shown in thousands (000's)

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
General obligation bonds	$ 66,220	$ 72,330	$ 2,755	$ 2,970	$ 68,975	$ 75,300
Certificates of obligation	49,485	46,330	13,615	14,980	63,100	61,310
Capital lease	-	-	260	92	260	92
Totals	$ 115,705	$ 118,660	$ 16,630	$ 18,042	$ 132,335	$ 136,702

In fiscal year 2017, the City issued $7,545,000 in new debt and an additional $1,900,000 in refunding bonds. The presently outstanding general obligation debt of the City is rated "AA2" by Moody's and "AA+" by S&P. As a home rule city, the City is not limited by law in the amount of debt it may issue. The City's Charter provides that general property taxes are limited to $1.50 per $100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation debt. For FY 2017, the City's property tax rate is $0.61 per $100 assessed valuation. The current ratio of tax-supported debt to assessed value of all taxable property is 2.9%. Additional detailed information on long-term debt activity is disclosed in the notes (III-E) to the financial statements.

Pensions and Retiree Health Care

Pensions and retiree health care continue to receive negative media attention as governments around the nation struggle to fund these commitments. The City is committed to providing programs in these areas that are fair to both employees and taxpayers and that can be sustained over the long term.

Effective for fiscal year 2015, Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions, an amendment of GASB 27", created specific reporting requirements for pensions that are different than that used for funding purposes. Both valuations are important as the reporting valuation provides a rigorous standard measure that can be used to compare the City's pension liabilities to other governments from around the nation. The funding valuation is important because the actuarial methods used include strategies for repaying any unfunded actuarial accrued liabilities. Combined with the City's history of making those contributions, it provides insights regarding the City's commitment to and the effectiveness of its funding strategy. Information contained in the financial statements themselves including the first schedule of Required Supplementary Information (RSI), Schedule of Changes in Net Pension Liability and Related Ratios, is based on the reporting valuation. The second schedule in the RSI, Schedule of Contributions, is based on the funding valuation. On a reporting basis, the City's financial statements reflect a Net Pension Liability as of September 30, 2017 of $30,466,967, which is 91.58% of the City's annual covered payroll of $33,266,663.

Retiree health care's actuarially accrued liability has been calculated in accordance with GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions", to be $50,103,432 as of September 30, 2017, a decrease of $4,247,691 from the previous valuation.

Economic Factors and Next Year's Budgets and Rates

The two largest revenue sources for the General Fund are property tax revenues and sales tax receipts. After working through a struggling economy, the City of North Richland Hills is finally experiencing a stabilization. Given this rise, the budget process has predicted a steady growth in property values and sales tax retail base. For budget year 2017-2018, sales tax receipts are anticipated to be roughly 2.64% higher than the 2016-2017 actual. Property tax values are anticipated to continue rising due to steady new construction growth plus the stabilization of property values. At this time, the City of North Richland Hills projects a 6% growth in property values, though a greater increase is not out of the realm of possibility.

The fiscal year 2017-2018 budget was based on a decrease to the property tax rate from $0.61/$100 to $0.59/$100. For fiscal year 2017-2018 the tax rate distribution amounts for maintenance & operations and interest & sinking (per $100 assessed value) for the City are as follows:

Tax Rate Distribution Schedule		Tax Rate		Tax Rate Distribution
General Fund - Maintenance & Operations	$	0.328640	$	15,966,660
Debt Service Fund - Interest and Sinking		0.261360		10,683,052
Total distribution of tax proceeds	$	0.590000	$	26,649,712

By policy, the City maintains an unassigned General fund balance of 15% of budgeted expenditures. The use of available fund balance for one-time expenditures eliminates the financial impact of such purchases on future budgets.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of North Richland Hills, Director of Finance, P.O. Box 820609, North Richland Hills, Texas 76182-0609.

BASIC FINANCIAL STATEMENTS

This page intentionally left blank.

CITY OF NORTH RICHLAND HILLS, TEXAS
Statement of Net Position
September 30, 2017

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
CURRENT ASSETS			
Cash and cash equivalents	$ 8,767,730	$ 561,542	$ 9,329,272
Investments	20,741,903	7,304,231	28,046,134
Receivables, net of allowances:			
Accounts	648,875	4,585,183	5,234,058
Property taxes	194,967	-	194,967
Other taxes	3,784,077	-	3,784,077
Interest receivable	64,947	12,368	77,315
Special assessments	76,966	-	76,966
Intergovernmental	1,165,978	190,276	1,356,254
Other	206,920	-	206,920
Prepaids	521,244	28,066	549,310
Inventories, at cost	253,414	412,090	665,504
Internal balances	(3,410,812)	3,410,812	-
Total current assets	33,016,209	16,504,568	49,520,777
NONCURRENT ASSETS			
Cash and cash equivalents	24,057,153	7,690,437	31,747,590
Investments	27,564,308	2,886,499	30,450,807
Capital assets - net:			
Land and nondepreciable land improvements	79,920,438	2,579,137	82,499,575
Buildings and improvements	130,255,181	4,405,053	134,660,234
Improvements other than buildings	207,230,484	27,982,065	235,212,549
Utility plant	-	107,028,257	107,028,257
Machinery and equipment	26,173,542	4,887,422	31,060,964
Artwork and historical treasures	310,208	-	310,208
Assets held for sale	14,612	-	14,612
Construction in progress	20,868,302	3,312,735	24,181,037
Accumulated depreciation	(146,309,987)	(82,813,914)	(229,123,901)
Total capital assets - net	318,462,780	67,380,755	385,843,535
Total noncurrent assets	370,084,241	77,957,691	448,041,932
Total assets	403,100,450	94,462,259	497,562,709
Deferred Outflows of Resources			
Deferred loss on refunding	588,462	104,729	693,191
Pension contributions after measurement date	3,583,456	446,855	4,030,311
Difference in projected and actual earnings on pension plan investments	7,837,193	998,486	8,835,679
Total deferred outflows of resources	12,009,111	1,550,070	13,559,181
Liabilities			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	6,703,882	2,764,680	9,468,562
Deposits and other liabilities	3,801,597	122,474	3,924,071
Customer deposits	-	2,801,616	2,801,616
Retainage payable	382,009	-	382,009
Compensated absences	541,737	63,927	605,664
Unearned revenue	251,700	67,082	318,782
Accrued interest payable	456,054	64,613	520,667
Bonds payable	10,745,000	1,555,000	12,300,000
Capital lease payable	-	84,198	84,198
Intergovernmental payables	141,200	-	141,200
Total current liabilities	23,023,179	7,523,590	30,546,769
NONCURRENT LIABILITIES			
Bonds payable	110,218,165	15,239,555	125,457,720
Capital lease payable	-	168,396	168,396
Compensated absences	3,100,705	349,103	3,449,808
Intergovernmental payables	-	1,099,005	1,099,005
Other post employment benefits obligation	12,877,747	1,629,722	14,507,469
Net pension liability	27,072,682	3,394,285	30,466,967
Total noncurrent liabilities	153,269,299	21,880,066	175,149,365
Total liabilities	176,292,478	29,403,656	205,696,134
Deferred Inflows of Resources			
Deferred gain on refunding	131,393	25,345	156,738
Difference in expected and actual experience - pension	2,961,527	367,215	3,328,742
Difference in assumption changes - pension	241,102	30,755	271,857
Total deferred inflows of resources	3,334,022	423,315	3,757,337
Net Position			
Net investment in capital assets	208,508,926	52,999,815	261,508,741
Restricted for:			
Municipal court technology & security	634,712	-	634,712
Franchise peg fees	347,992	-	347,992
Records preservation fees	4,000	-	4,000
Parks and recreation development	1,630,177	-	1,630,177
Crime control district	617,817	-	617,817
Debt service	5,318,043	-	5,318,043
Grants	21,043	-	21,043
Promotional & economic development	1,744,313	-	1,744,313
Public safety	939,813	-	939,813
Impact fees restricted for construction	-	3,764,244	3,764,244
Unrestricted	15,716,225	9,421,299	25,137,524
Total net position	$ 235,483,061	$ 66,185,358	$ 301,668,419

The accompanying notes are an integral part of these financial statements.

This page intentionally left blank.

CITY OF NORTH RICHLAND HILLS, TEXAS
Statement of Activities
Year Ended September 30, 2017

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Primary Government							
Governmental activities:							
General government	$ 10,056,228	$ 5,904,994	$ 1,233,880	$ 31,782	$ (2,885,572)	$ -	$ (2,885,572)
Public safety	36,900,873	2,443,763	3,485,583	382,742	(30,588,785)	-	(30,588,785)
Culture and recreation	13,477,176	3,274,056	191,402	1,950	(10,009,768)	-	(10,009,768)
Public works	11,362,841	1,118,102	-	1,231,373	(9,013,366)	-	(9,013,366)
Interest and other fees	3,743,076	-	-	-	(3,743,076)	-	(3,743,076)
Total governmental activities	75,540,194	12,740,915	4,910,865	1,647,847	(56,240,567)	-	(56,240,567)
Business-type activities:							
Utility	31,655,646	31,983,377	-	-	-	327,731	327,731
Aquatic park	4,863,609	4,117,435	-	-	-	(746,174)	(746,174)
Golf course	2,554,338	2,543,641	-	-	-	(10,697)	(10,697)
Total business-type activities	39,073,593	38,644,453	-	-	-	(429,140)	(429,140)
Total primary government	$ 114,613,787	$ 51,385,368	$ 4,910,865	$ 1,647,847	$ (56,240,567)	$ (429,140)	$ (56,669,707)
General revenue:							
Taxes:							
Property					$ 29,852,651	$ -	$ 29,852,651
Sales					19,838,314	-	19,838,314
Mixed beverage					145,222	-	145,222
Franchise					4,015,982	-	4,015,982
Occupancy					278,764	-	278,764
Unrestricted investment earnings					285,287	74,378	359,665
Miscellaneous					637,784	157,285	795,069
Transfers between governmental and business-type activities					4,878,313	(4,878,313)	-
Total general revenue and transfers					59,932,317	(4,646,650)	55,285,667
Change in net position					3,691,750	(5,075,790)	(1,384,040)
Net position - beginning of year					231,791,311	71,261,148	303,052,459
Net position - end of year					$ 235,483,061	$ 66,185,358	$ 301,668,419

The accompanying notes are an integral part of these financial statements.

CITY OF NORTH RICHLAND HILLS, TEXAS
Balance Sheet
Governmental Funds
September 30, 2017

	General Fund	General Capital Projects	General Debt Service
Assets			
Cash and cash equivalents	$ 4,370,465	$ -	$ -
Investments	10,259,997	-	-
Receivables, net of allowance			
Accounts	548,586	-	-
Property taxes	194,967	-	-
Other taxes receivable	2,017,197	-	-
Interest receivable	9,566	13,665	31
Special assessments receivable	-	136,476	-
Intergovernmental receivables	45,949	-	-
Other receivables	103,247	9,576	8,902
Prepaid items	137,604	-	2,113
Inventories, at cost	97,974	-	-
Assets limited to use:			
Cash and cash equivalents	-	14,842,008	840,386
Investments	-	12,793,086	29,248
Total assets	$ 17,785,552	$ 27,794,811	$ 880,680
Liabilities			
Accounts payable	$ 1,170,287	$ 697,789	$ -
Retainage payable	-	318,164	-
Accrued liabilities	1,038,139	-	-
Intergovernmental payables	-	-	-
Deposits and other liabilities	3,005,853	729,864	-
Unearned revenue	76,738	9,576	-
Total liabilities	5,291,017	1,755,393	-
Deferred Inflows of Resources			
Unavailable revenue - ambulance fees	279,754	-	-
Unavailable revenue - property taxes	194,967	-	-
Unavailable revenue - grants	-	-	-
Unavailable revenue - assessments	-	136,476	-
Total deferred inflows of resources	474,721	136,476	-

The accompanying notes are an integral part of these financial statements.

Parks and Recreation Development	Gas Development	Tax Increment Finance District #2	Other Governmental	Total Governmental
$ 303,071	$ 161,448	$ -	$ 1,627,462	$ 6,462,446
2,508,248	292,480	-	2,314,828	15,375,553
-	-	-	100,289	648,875
-	-	-	-	194,967
836,374	-	-	912,517	3,766,088
2,962	312	7,298	7,047	40,881
-	-	-	-	136,476
-	-	-	1,120,029	1,165,978
43,919	41,276	-	-	206,920
7,982	-	-	8,502	156,201
17,194	-	-	-	115,168
425,166	-	4,534,918	1,714,868	22,357,346
264,465	-	6,832,338	4,283,527	24,202,664
$ 4,409,381	$ 495,516	$ 11,374,554	$ 12,089,069	$ 74,829,563
$ 77,894	$ -	$ -	$ 1,372,455	$ 3,318,425
-	-	-	63,845	382,009
120,089	-	-	148,642	1,306,870
-	-	-	141,200	141,200
51,670	-	-	4	3,787,391
165,386	-	-	-	251,700
415,039	-	-	1,726,146	9,187,595
-	-	-	-	279,754
-	-	-	-	194,967
-	-	-	10,473	10,473
-	-	-	-	136,476
-	-	-	10,473	621,670

(Continued)

CITY OF NORTH RICHLAND HILLS, TEXAS
Balance Sheet
Governmental Funds
September 30, 2017

	General Fund	General Capital Projects	General Debt Service
Fund Balance			
Nonspendable:			
Inventories	97,974	-	-
Prepaids	137,604	-	2,113
Restricted:			
Municipal court technology & security	634,712	-	-
Franchise peg fees	347,992	-	-
Record preservation fee	4,000	-	-
Parks and recreation development	-	-	-
Crime control district	-	-	-
Debt service	-	-	878,567
Grants	-	-	-
Promotional & economic development	-	-	-
Public safety	-	-	-
Capital projects (bond funded)	-	8,507,238	-
Committed:			
Donations	-	-	-
Drainage utility	-	-	-
Gas development	-	-	-
Assigned:			
Recreation centre	-	-	-
Capital projects	-	17,395,704	-
Purchases on order	114,058	-	-
Unassigned	10,683,474	-	-
Total fund balance	12,019,814	25,902,942	880,680
Total liabilities, deferred inflows and fund balance	$ 17,785,552	$ 27,794,811	$ 880,680

The accompanying notes are an integral part of these financial statements.

Parks and Recreation Development	Gas Development	Tax Increment Finance District #2	Other Governmental	Total Governmental
17,194	-	-	-	115,168
7,982	-	-	8,502	156,201
-	-	-	-	634,712
-	-	-	-	347,992
-	-	-	-	4,000
1,630,177	-	-	-	1,630,177
-	-	-	617,817	617,817
-	-	-	4,439,476	5,318,043
-	-	-	21,043	21,043
-	-	-	1,744,313	1,744,313
-	-	-	939,813	939,813
111,116	-	11,374,554	685,149	20,678,057
-	-	-	674,171	674,171
-	-	-	961,057	961,057
-	495,516	-	-	495,516
1,906,764	-	-	-	1,906,764
309,554	-	-	-	17,705,258
11,555	-	-	261,109	386,722
-	-	-	-	10,683,474
3,994,342	495,516	11,374,554	10,352,450	65,020,298
$ 4,409,381	$ 495,516	$ 11,374,554	$ 12,089,069	$ 74,829,563

CITY OF NORTH RICHLAND HILLS, TEXAS
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
Governmental Funds
September 30, 2017

Total fund balances--governmental funds	$ 65,020,298
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities resources (excluding internal service capital assets) are not financial resources and, therefore, are not reported as net position in governmental funds.	315,318,149
Certain receivables are not available to pay current-period expenditures and, therefore, are reported as unavailable revenue in the funds.	576,991
Internal service funds are used by the City's management for building and vehicle support services, self insurance, and information services. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service funds, net of amounts included in business type activities, are included with governmental activities in the Statement of Net Position but are not included at the fund level.	7,946,409
Long-term liabilities and related deferred inflows and outflows, including bonds payable, accrued interest payable, compensated absences, other post employment benefits, and net pension liability, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.	(153,378,786)
Total net position--governmental activities	$ 235,483,061

The accompanying notes are an integral part of these financial statements.

This page intentionally left blank.

CITY OF NORTH RICHLAND HILLS, TEXAS
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
Year Ended September 30, 2017

	General Fund	General Capital Projects	General Debt Service
REVENUES			
Taxes	$ 29,887,724	$ -	$ 9,674,703
License and permits	2,326,087	-	-
Charges for services	2,252,438	4,998	-
Gas utility leases and royalties		-	-
Fines	2,212,430	-	-
Civil citations	-	-	-
Contributions	2,435	7,137	-
Special assessments	-	775	-
Investment income	71,863	133,714	7,204
Intergovernmental	2,712,798	723,259	82,853
Forfeitures	-	-	-
Miscellaneous	176,079	-	-
Total revenues	39,641,854	869,883	9,764,760
EXPENDITURES			
General government	10,084,703	-	-
Public safety	26,008,905	-	-
Culture and recreation	3,684,361	-	-
Public works	3,110,741	-	-
Capital outlay:			
General government	-	3,684,214	-
Public safety	-	416,477	-
Culture and recreation	-	1,130,399	-
Public works	-	6,397,404	-
Debt service:			
Principal retirement	-	-	8,130,000
Interest and fiscal charges	-	-	3,538,135
Total expenditures	42,888,710	11,628,494	11,668,135
Excess (deficiency) of revenues over expenditures	(3,246,856)	(10,758,611)	(1,903,375)
OTHER FINANCING SOURCES (USES)			
Issuance of debt	-	7,545,000	-
Issuance of refunding debt	-	-	1,695,000
Premium on issuance of debt	-	270,000	92,160
Payment to refunded bond escrow agent	-	-	(1,682,019)
Proceeds from sale of assets	222,522	282,445	-
Transfers in	6,513,850	5,484,980	1,818,231
Transfers out	(1,000,157)	(2,228,102)	-
Total other financing sources (uses)	5,736,215	11,354,323	1,923,372
Net change in fund balance (deficit)	2,489,359	595,712	19,997
Fund balance (deficit) - beginning of year	9,530,455	25,307,230	860,683
Fund balance - end of the year	$ 12,019,814	$ 25,902,942	$ 880,680

The accompanying notes are an integral part of these financial statements.

Parks and Recreation Development	Gas Development	Tax Increment Finance District #2	Other Governmental	Total Governmental
$ 4,964,710	$ -	$ -	$ 9,565,490	$ 54,092,627
-	-	-	-	2,326,087
2,980,174	-	-	883,195	6,120,805
-	454,264	-	-	454,264
-	-	-	-	2,212,430
-	-	-	1,088,773	1,088,773
50,500	-	-	302,067	362,139
-	-	-	-	775
18,184	1,057	40,103	32,331	304,456
-	-	-	2,675,713	6,194,623
-	-	-	92,346	92,346
171,654	-	-	7,222	354,955
8,185,222	455,321	40,103	14,647,137	73,604,280
-	70,173	-	292,543	10,447,419
-	-	-	7,035,673	33,044,578
6,235,946	-	-	265,725	10,186,032
-	-	-	43,091	3,153,832
-	143,928	-	-	3,828,142
-	-	-	250,708	667,185
172,496	-	-	1,850	1,304,745
-	-	-	2,891,678	9,289,082
-	-	-	2,385,000	10,515,000
-	-	-	627,333	4,165,468
6,408,442	214,101	-	13,793,601	86,601,483
1,776,780	241,220	40,103	853,536	(12,997,203)
-	-	-	-	7,545,000
-	-	-	-	1,695,000
-	-	-	-	362,160
-	-	-	-	(1,682,019)
7	-	-	676	505,650
570,787	-	-	229,198	14,617,046
(3,106,679)	-	-	(2,322,541)	(8,657,479)
(2,535,885)	-	-	(2,092,667)	14,385,358
(759,105)	241,220	40,103	(1,239,131)	1,388,155
4,753,447	254,296	11,334,451	11,591,581	63,632,143
$ 3,994,342	$ 495,516	$ 11,374,554	$ 10,352,450	$ 65,020,298

CITY OF NORTH RICHLAND HILLS, TEXAS
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities
Year Ended September 30, 2017

Net change in fund balance--total governmental funds	$	1,388,155
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		4,224,823
The net effect of various transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net position.		(820,509)
Certain deferred inflows of resources were earned in prior year but not yet available for fund level activity. This decrease is due to the deferred inflows becoming available in current year.		(607,863)
Certain long-term liabilities are accrued at the government-wide level but not at the fund level. The current year change in those liabilities is reported as expense in the statement of activities. Expenses recorded for accrual of interest and amortization expense are included in this category.		(3,201,745)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the difference between repayments and proceeds received.		2,938,046
Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet maintenance, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities (exclusive of capital assets and debt).		(229,157)
Change in net position of governmental activities	$	3,691,750

The accompanying notes are an integral part of these financial statements.

This page intentionally left blank.

CITY OF NORTH RICHLAND HILLS, TEXAS
Statement of Net Position
Proprietary Funds
September 30, 2017

	Enterprise Funds				Governmental Activities -
	Utility	Aquatic Park	Golf	Total Enterprise	Internal Service
ASSETS					
Current					
Cash and cash equivalents	$ 319,563	$ 241,979	$ -	$ 561,542	$ 2,305,284
Investments	6,583,033	541,903	427,021	7,551,957	5,366,350
Accounts receivable, net of allowance:					
Billed	2,666,046	-	-	2,666,046	-
Unbilled	1,881,384	-	-	1,881,384	-
Other	4,895	17,546	15,312	37,753	17,989
Interest receivable	10,560	1,352	456	12,368	9,235
Intergovernmental receivable	190,276	-	-	190,276	-
Prepaid items	9,148	9,612	9,306	28,066	365,043
Inventories, at cost	293,692	23,788	94,610	412,090	138,246
Total current assets	11,958,597	836,180	546,705	13,341,482	8,202,147
Noncurrent					
Restricted assets					
Cash and cash equivalents	7,511,789	-	178,648	7,690,437	1,699,807
Investments	2,638,773	-	-	2,638,773	3,361,644
Total restricted cash and cash equivalents	10,150,562	-	178,648	10,329,210	5,061,451
Capital assets, at cost					
Land	75,366	745,771	1,758,000	2,579,137	-
Building and improvements	1,136,327	2,465,964	802,762	4,405,053	135,455
Other improvements	-	22,691,478	5,290,587	27,982,065	1,071,337
Utility plant in service	107,028,257	-	-	107,028,257	-
Machinery and equipment	1,989,184	770,328	2,127,910	4,887,422	9,931,158
Construction in progress	3,312,735	-	-	3,312,735	-
Accumulated depreciation	(64,061,718)	(12,156,922)	(6,595,274)	(82,813,914)	(7,993,319)
Net capital assets	49,480,151	14,516,619	3,383,985	67,380,755	3,144,631
Total noncurrent assets	59,630,713	14,516,619	3,562,633	77,709,965	8,206,082
Total assets	71,589,310	15,352,799	4,109,338	91,051,447	16,408,229
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on refunding	44,949	45,836	13,944	104,729	-
Pension contributions after measurement date	382,850	64,005	-	446,855	302,395
Difference in projected and actual earnings on pension plan investments	868,462	130,024	-	998,486	627,949
Total deferred outflows of resources	1,296,261	239,865	13,944	1,550,070	930,344
LIABILITIES					
Current					
Accounts payable and accrued expenses	2,218,901	174,440	371,339	2,764,680	2,078,587
Other current liabilities	93,810	5,361	23,303	122,474	14,206
Customer deposits	2,801,616	-	-	2,801,616	-
Compensated absences	47,932	15,995	-	63,927	45,368
Bonds payable	830,000	675,000	50,000	1,555,000	-
Capital lease payable	-	-	84,198	84,198	-
Total current liabilities	6,026,510	906,103	590,977	7,523,590	2,138,161

The accompanying notes are an integral part of these financial statements.

CITY OF NORTH RICHLAND HILLS, TEXAS
Statement of Net Position
Proprietary Funds
September 30, 2017

	Enterprise Funds				Governmental Activities -
	Utility	Aquatic Park	Golf	Total Enterprise	Internal Service
Noncurrent					
Bonds payable	8,447,775	6,314,203	477,578	15,239,556	-
Capital lease payable	-	-	168,396	168,396	-
Compensated absences	263,499	85,605	-	349,104	258,579
Intergovernmental payables	1,099,003	-	-	1,099,003	-
Other post employment benefits obligation	1,404,931	224,791	-	1,629,722	1,084,525
Net pension liability	2,920,154	474,131	-	3,394,285	2,245,409
Total noncurrent liabilities	14,135,362	7,098,730	645,974	21,880,066	3,588,513
Total liabilities	20,161,872	8,004,833	1,236,951	29,403,656	5,726,674
DEFERRED INFLOWS OF RESOURCES					
Deferred gain on refunding	-	25,345	-	25,345	-
Difference in expected and actual experience - pension	318,557	48,658	-	367,215	235,504
Difference in assumption changes - pension	26,731	4,024	-	30,755	19,174
Total deferred inflows of resources	345,288	78,027	-	423,315	254,678
NET POSITION					
Net investment in capital assets	42,504,732	7,520,184	2,974,899	52,999,815	3,144,631
Impact fees restricted for construction	3,764,244	-	-	3,764,244	-
Unrestricted (deficit)	6,109,435	(10,380)	(88,568)	6,010,487	8,212,590
Total net position	$ 52,378,411	$ 7,509,804	$ 2,886,331	$ 62,774,546	$ 11,357,221
Reconciliation to business-type activities:					
Some amounts reported for business-type activities in the Statement of Net Position are different because certain internal balances are included with business-type activities.				3,410,812	
Net Position of business-type activities				$ 66,185,358	

The accompanying notes are an integral part of these financial statements.

CITY OF NORTH RICHLAND HILLS, TEXAS
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
Year Ended September 30, 2017

	Enterprise Funds				Governmental Activities -
	Utility	Aquatic Park	Golf	Total Enterprise	Internal Service
OPERATING REVENUES					
Charges for services:					
Water and sewer service	$ 30,603,821	$ -	$ -	$ 30,603,821	$ -
Service charges	1,010,802	-	-	1,010,802	-
Inspection fees	179,866	-	-	179,866	-
Golf course fees and charges	-	-	2,541,358	2,541,358	-
Aquatic park admissions and services	-	4,083,733	-	4,083,733	-
Other intergovernmental	112,583	-	-	112,583	-
Risk management	-	-	-	-	10,158,639
Facilities and fleet management	-	-	-	-	7,012,211
Information systems management	-	-	-	-	2,964,816
Miscellaneous revenues	76,305	33,702	2,283	112,290	242,553
Total operating revenues	31,983,377	4,117,435	2,543,641	38,644,453	20,378,219
OPERATING EXPENSES					
Claims	-	-	-	-	10,078,298
Contractual services	821,472	762,389	-	1,583,861	2,171,705
Water purchases	9,716,518	-	-	9,716,518	-
Wastewater treatment services	5,492,011	-	-	5,492,011	-
Personnel services	6,056,695	1,882,780	-	7,939,475	3,874,570
Golf course sales and service	-	-	2,191,714	2,191,714	-
Repairs and maintenance	5,537,660	242,224	-	5,779,884	1,806,853
Supplies	352,867	850,368	-	1,203,235	949,631
Depreciation	3,394,817	874,840	347,142	4,616,799	813,953
Total operating expenses	31,372,040	4,612,601	2,538,856	38,523,497	19,695,010
Operating income (loss)	611,337	(495,166)	4,785	120,956	683,209
NONOPERATING REVENUES (EXPENSES)					
Investment income	64,898	5,556	3,924	74,378	36,755
Interest and fiscal charges	(283,606)	(251,008)	(15,482)	(550,096)	-
Other income	60,016	-	94,290	154,306	133,653
Gain (loss) on disposal of assets	-	2,979	-	2,979	(1,520)
Total nonoperating revenues (expenses)	(158,692)	(242,473)	82,732	(318,433)	168,888
Income (loss) before transfers	452,645	(737,639)	87,517	(197,477)	852,097
TRANSFERS					
Transfers in	48,003	-	-	48,003	252,975
Transfers out	(4,214,059)	(250,316)	(195,763)	(4,660,138)	(1,600,407)
Total transfers - net	(4,166,056)	(250,316)	(195,763)	(4,612,135)	(1,347,432)
Change in net position	(3,713,411)	(987,955)	(108,246)	(4,809,612)	(495,335)
Net position - beginning of year	56,091,822	8,497,759	2,994,577	67,584,158	11,852,556
Net position - end of year	$ 52,378,411	$ 7,509,804	$ 2,886,331	$ 62,774,546	$ 11,357,221

Reconciliation of Change in Net Position - Business-type Activities:	
Change in net position of enterprise funds	(4,809,612)
Some amounts reported for business-type activities in the Statement of Activities are different because the net expenditure of certain internal service funds is reported with business-type activities	(266,178)
Change in net position of business-type activities	$ (5,075,790)

The accompanying notes are an integral part of these financial statements.

CITY OF NORTH RICHLAND HILLS, TEXAS
Statement of Cash Flows
Proprietary Funds
Year Ended September 30, 2017

	Enterprise Funds				Governmental Activities -
	Utility	Aquatic Park	Golf	Totals	Internal Service
Cash flows from operating activities:					
Receipts from customers	$ 31,683,867	$ 4,106,131	$ 2,535,323	$ 38,325,321	$ -
Receipts from interfund services provided	-	-	-	-	20,135,666
Other operating revenue	549,541	27,557	(18,749)	558,349	283,291
Payments to suppliers	(21,981,152)	(1,930,254)	(1,969,730)	(25,881,136)	(14,827,631)
Payments to employees	(5,649,581)	(1,815,418)	-	(7,464,999)	(3,569,433)
Net cash provided by operating activities	4,602,675	388,016	546,844	5,537,535	2,021,893
Cash flows from noncapital financing activities:					
Transfers from other funds	48,003	-	-	48,003	252,975
Transfers to other funds	(4,214,059)	(250,316)	(195,763)	(4,660,138)	(1,600,407)
Payments received on advances to other funds	48,003	-	-	48,003	-
Payments made on advances from other funds	-	-	(195,767)	(195,767)	-
Net cash used for noncapital and related financing activities	(4,118,053)	(250,316)	(391,530)	(4,759,899)	(1,347,432)
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(1,684,181)	(413,518)	(466,198)	(2,563,897)	(185,091)
Proceeds from capital debt	-	205,000	336,793	541,793	-
Principal paid on capital debt	(839,241)	(898,330)	(281,005)	(2,018,576)	-
Interest paid on capital debt	(285,119)	(263,223)	(11,983)	(560,325)	-
Insurance recovery proceeds	60,016	-	94,290	154,306	133,653
Proceeds from sale of capital assets	-	2,979	-	2,979	96,172
Net cash used for capital and related financing activities	(2,748,525)	(1,367,092)	(328,103)	(4,443,720)	44,734
Cash flows from investing activities:					
Purchase of investments	(4,607,436)	64,434	(340,054)	(4,883,056)	(5,008,999)
Proceeds from the sale of investments	6,047,008	794,424	113,968	6,955,400	4,873,808
Interest and dividends received	63,757	5,520	3,645	72,922	35,033
Net cash provided by (used for) investing activities	1,503,329	864,378	(222,441)	2,145,266	(100,158)
Net increase (decrease) in cash and cash equivalents	(760,574)	(365,014)	(395,230)	(1,520,818)	619,037
Cash and cash equivalents beginning of year	8,591,926	606,993	573,878	9,772,797	3,386,054
Cash and cash equivalents end of year	$ 7,831,352	$ 241,979	$ 178,648	$ 8,251,979	$ 4,005,091
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	$ 611,337	$ (495,166)	$ 4,785	$ 120,956	$ 683,209
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation expense	3,394,817	874,840	347,142	4,616,799	813,953
Other income (expense)	-	-	-	-	(366)
(Increase) decrease in accounts receivable	(110,622)	22,398	(6,035)	(94,259)	40,738
(Increase) decrease in intergovernmental receivables	216,612	-	-	216,612	-
(Increase) decrease in inventories	57,630	3,474	(11,529)	49,575	(15,927)
(Increase) decrease in prepaid items	3,152	(863)	13,685	15,974	(21,502)
Increase (decrease) in accounts payable	(118,731)	(82,473)	203,824	2,620	216,651
Increase (decrease) in customer deposits payable	-	-	-	-	-
Increase (decrease) in compensated absences	20,419	5,099	-	25,518	10,927
Increase (decrease) in other post employment benefits	178,425	28,975	-	207,400	136,763
Increase (decrease) in intergovernmental payable	144,041	-	-	144,041	-
Increase (decrease) in other liabilities	(1,944)	658	(2,066)	(3,352)	-
Increase (decrease) in net pension liability	208,270	33,288	-	241,558	153,840
Increase (decrease) in unearned revenues	-	(6,145)	(21,032)	(27,177)	-
Increase (decrease) in accrued liabilities	(731)	3,931	18,070	21,270	3,607
Total adjustments	3,991,338	883,182	542,059	5,416,579	1,338,684
Net cash provided by operating activities	$ 4,602,675	$ 388,016	$ 546,844	$ 5,537,535	$ 2,021,893
Noncash from capital and related financing activities:					
Capitalized interest	7,981	-	-	7,981	-

The accompanying notes are an integral part of these financial statements.

CITY OF NORTH RICHLAND HILLS, TEXAS
Statement of Net Position
Fiduciary Funds
December 31, 2016

	OPEB Trust
ASSETS	
Investments, at fair value	
Investment in master trust	$ 1,776,152
Total assets	1,776,152
NET POSITION	
Restricted for other post employment benefits	1,776,152
Total net position	$ 1,776,152

The accompanying notes are an integral part of these financial statements.

CITY OF NORTH RICHLAND HILLS, TEXAS
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2016

	OPEB Trust
ADDITIONS	
Contributions:	
Employer	$ 1,757,330
Net investment income	160,697
Total additions	1,918,027
DEDUCTIONS	
Benefit payments	1,657,330
Administrative expenses	8,380
Total deductions	1,665,710
Change in net position	252,317
Net position - beginning	1,523,835
Net position - ending	$ 1,776,152

The accompanying notes are an integral part of these financial statements.

CITY OF NORTH RICHLAND HILLS, TEXAS
Notes to Basic Financial Statements
September 30, 2017

		Page
Note I	Summary of Significant Accounting Policies	
	A. Reporting entity	35
	B. Government-wide and fund financial statements	35
	C. Measurement focus, basis of accounting, and financial statement presentation	36
	D. Assets, liabilities, deferred outflows/inflows of resources and net position or fund balance	
	Deposits and investments	38
	Receivables and payables	38
	Inventories and prepaid items	39
	Restricted assets	39
	Capital assets	40
	Compensated absences	40
	Long-term obligations	40
	Deferred outflow/inflows of resources	41
	Fund Balance	41
Note II	Reconciliation of Government-Wide and Governmental Fund Financial Statements	43
	A. Balance sheet reconciliation	43
	B. Statement of revenues, expenditures, and changes in fund balance reconciliation	44
Note III	Detailed Notes on All Funds	46
	A. Deposits and investments	46
	Deposits	46
	Investments	48
	Interest rate risk	48
	Custodial credit risk	48
	Credit risk	49
	OPEB Trust Fund Investments	49
	Interest rate risk	49
	Custodial credit risk	49
	Credit risk	49
	Fair value of assets	50
	B. Receivables	51
	Unearned revenue	52
	C. Capital assets	53
	Construction commitments	54
	D. Interfund transfers	54
	Governmental	56
	Proprietary	56
	E. Long-term debt	56
	General obligation bonds	56
	Certificates of obligation	57
	Capital leases	58
	Changes in long-term liabilities	59

Note IV	Other Information	59
	A. Risk management	59
	B. Contingent liabilities	60
	C. Postemployment benefits	60
	Deferred Compensation Plan	60
	Retiree Healthcare Plan	63
	D. Employee retirement system and pension plan	63
	Plan description	63
	Benefits Provided	63
	Contributions	64
	Net Pension Liability	64
	Discount Rate	65
	Basis of Allocation	65
	Changes in Net Pension Liability	66
	Pension Plan Fiduciary Net Position	66
	Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions	66
	E. Tax Incentive Rebates	67
	F. New Accounting Pronouncements Adopted in 2017	68
	G. Implementation of future GASB Statements	68

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of North Richland Hills, Texas (the "City") Home Rule Charter was adopted by the voters at an election held on November 3, 1964. The City operates under a Council-Manager form of government. The City provides a full range of services including police and fire protection; municipal court operations; the construction and maintenance of streets and infrastructure; parks, library, and recreational activities including tennis center operations; neighborhood services activities; planning and inspections; and the operations of a water and wastewater system, a golf course, and a public water park. A private contractor, through a franchise agreement, provides solid waste collection and disposal services for the City.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America ("GAAP") as applicable to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the City are described below.

A. Reporting Entity

As required by GAAP, these basic financial statements present the primary government and its component units, entities for which the government is considered to be financially accountable. The blended component units, although legally separate entities, are, in substance, part of the primary government's operations. As such, data from these units is combined with data of the primary government. Discretely presented component units are entities that are legally separate from the City, but for which the City is financially accountable or whose relationships with the City are such that exclusion would be misleading or incomplete.

Blended Component Units - The North Richland Hills Parks and Recreation Facilities Development Corporation ("PRD") is used to account for the accumulation of resources to build and improve City parks and recreational facilities and fund economic development activities. The North Richland Hills Crime Control and Prevention District ("CCD") is used to account for the accumulation and use of half-cent sales tax proceeds dedicated for crime reduction programs. The PRD and CCD are reported as special revenue funds of the primary government. The Boards of Directors of both component units are substantially the same as the City Council.

Tax Increment Financing District No. 1 ("TIF #1") was created to fund drainage improvements that would alleviate flooding problems, reduce property damage associated with the flooding, and stimulate development within the zone of TIF #1. In 2008, TIF #1 was expanded to provide funding for intersection improvements and the burial of utility lines to enhance economic revitalization in the area. Tax Increment Financing District #2 ("TIF #2") was created to provide funding for public improvements that would benefit the participants in and citizens of TIF #2. These TIF's meet the criteria for blending as the City Council and TIF Boards are substantially the same. In addition, although other entities are involved in the TIF, the primary financial benefit or burden relationship is between the City and the TIF's, and management of the City has day-to-day operational responsibility for the activities of the TIF.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (*i.e.*, the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its blended component units. For the most part, the effect of interfund activity has been eliminated from these statements. However, interfund services provided and used are not eliminated in the consolidation process. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on user fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and grants and contributions that are designated to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current *financial resources measurement focus and the modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources traditionally associated with governments which are not required to be accounted for in another fund. Major functions financed by the General Fund include general government, public safety, culture and recreation, and public works. Financing is provided from taxes (primarily property, sales, and franchise), licenses and permits, fines, and investment income.

The General Capital Projects Fund is used to account for financial resources used for the acquisition and construction of major street, drainage, and municipal facilities capital assets.

The General Debt Service Fund accounts for the accumulation of resources for the payment of principal, interest, and related charges on long-term general obligation debt of governmental funds. Financing is provided primarily by a specific annual property tax levy.

The Parks and Recreation Facilities Development Fund accounts for the accumulation and use of resources to build and improve City parks and recreation facilities as well as economic development projects. The City has permanently designated this fund as a major governmental fund.

The Gas Development Fund accounts for the accumulation and expenditures of resources from gas drilling and exploration on City owned property. The City has permanently designated this fund as a major governmental fund.

The Tax Increment Financing District #2 provides funding for public improvements that would benefit the participants in and citizens of TIF #2 as well as others in the Metroplex area.

The City reports the following proprietary funds:

The Utility Fund (a major fund) accounts for the distribution of water, transportation of wastewater, and solid waste removal services provided to the residents of the City. All activities necessary to provide such services are accounted for in the fund, including, but not limited to, administration, operations, maintenance, financing and debt service, and billing and collections.

The Aquatic Park Fund (a major fund) accounts for the operation of NRH_2O, the City's public water park. All activities necessary to operate the park are accounted for in the fund, including, but not limited to, administration, park operations, park maintenance, and financing and debt service.

The Golf Course Fund accounts for the operations of Iron Horse Golf Course, the City's public golf course. All activities necessary to operate the course are accounted for in the fund, including, but not limited to, administration, operations, course maintenance, and financing and debt service. The Golf Course in the only non-major proprietary fund.

Internal Service Funds account for building maintenance services, fleet management, computer and telephone service, as well as insurance coverage provided to other departments of the City, on a cost reimbursement basis.

The City also reports one fiduciary fund. The OPEB Trust Fund accounts for the activities of the long term funding of the City's other post-employment benefits provided. These funds are contributed by the City on an annual basis to help offset future costs and outflows for post-employment benefits payments.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and of the internal service funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting the definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance

Deposits and investments

Deposits consist of cash and cash equivalents. Substantially all operating deposits and investments are maintained in pooled deposits and investment accounts. Interest income relating to pooled deposits and investments is allocated monthly to the participating individual funds based on each fund's pro-rata share of total pooled deposits and investments.

Investments consist of (1) investments in public fund investment pools, (2) short-term investments that mature in 12 months or less from the time of purchase and (3) investments that mature in greater than 12 months from the time of purchase.

Other than investment pools, most of the City's investments are long-term (i.e., at the time of purchase, the maturity equals or exceeds one year) and, accordingly, the investments are carried at fair value. The government investment pools, TexSTAR, LOGIC, TexasTERM, and TexPool, operate in accordance with state laws and regulations. Investments in external pools are carried at either net asset value or amortized cost, as determined by each pool's individual investment valuation method and whether there is a readily determinable fair value of the pool as of the City's fiscal year end. In instances where pools transact at amortized cost, such as TexPool, no readily determinable fair value is deemed available.

Legal provisions generally permit the City to invest in certificates of deposit, repurchase agreements, public funds investment pools, direct obligations of the United States of America or its subdivisions, and state and local government securities. During the year ended September 30, 2017, the City did not own any types of securities other than those permitted by statute.

For the purposes of presenting the statement of cash flows for Proprietary Funds, cash and cash equivalents are defined as cash and the funds' investment in the City's pooled accounts which provide cash-equivalent liquidity (Note III).

Receivables and payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles.

The City's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real property and certain personal property located in the City. Tax liens attach as of February 1. Taxes are due upon receipt of the tax bill.

Property taxes are limited by the Texas Constitution to $2.50 per $100 of assessed valuation and by City Charter to $1.50 per $100 assessed valuation. The combined tax rate to finance general governmental service and debt service for the year ended September 30, 2017 was $.61 per $100 of assessed valuation.

Inventories and prepaid items

In accordance with the consumption method of accounting, both inventories and prepaid items of governmental funds are recorded as expenditures when consumed rather than when purchased.

All inventories are valued at cost using the first-in/first-out ("FIFO") method. Inventories are offset by a fund balance reserve account in applicable governmental funds to indicate the inventory values are not available for appropriation and are not expendable financial resources.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted assets

Certain resources set aside for the repayment of outstanding City debt are classified as restricted assets on the balance sheet because their use is limited. The "debt service reserve funds" are used to segregate resources accumulated for outstanding debt. The "construction funds" account includes, but is not limited to, unspent bond proceeds that are limited as to use for financing the acquisition or construction of capital assets.

In the Utility Fund, impact fees are a restriction imposed by the City's governing body for the purpose of collection of funds from developers for specific utility infrastructure improvement projects. State of Texas Statutes grant this authority to the City Council which upon their approval is valid for a five year period. Every five years, the impact fee plan expires and a new program must be developed and submitted to Council for approval.

Also designated in the Utility Fund are customer deposits. This restriction is contractually supported. The City is not allowed to use the funds unless it is to refund back to the customer for good standing account history or that they default upon the terms of the agreement.

Designated assets

Assets have also been designated by management for the following:

The Crime Control and Prevention District (Special Revenue) Fund contains assets restricted for transition. The "transition" term is used to identify funds that are covered by Texas Sales Tax laws and has been restricted to offset future unforeseen circumstances (i.e. dissolution of the fund due to citizens vote to end operations of the district). If indeed the half-cent sales tax funding CCD activities is discontinued, the restricted assets will be used to fund those activities until an alternate funding source can be identified (i.e., during the transition period).

The Information Technology (Internal Service) Fund contains assets used for future system improvements. The intended purpose is to fund major computer system software and hardware system replacements and upgrades.

The Facilities and Construction Services and Fleet Services (Internal Service) Funds contain assets used for building and equipment maintenance and replacement. The building reserve is used to accumulate funds for the implementation of the multi-year plan. Equipment reserve is used to accumulate funds for the replacement of vehicles and heavy equipment.

The Self-Insurance (Internal Service) Fund contains assets used for future insurance claims. Funds will be accumulated until needed to cover these costs of excessive claims or until management has determined sufficient funds have been accumulated to cover future claims.

Future claims of the Self-Insurance Internal Service Fund are funds set aside and obligated for medical, dental, prescription, or other risk payables that could arise in future fiscal periods. This fund has a very proactive approach to plan for future claims and ensure that funding is available to pay when and if the need occurs.

Capital assets

Capital assets, including property, plant, equipment, and infrastructure assets (e.g., roads, bridges, drainage facilities, parks and related improvements, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary fund level financial statements. Capital assets are defined by the City as assets with an initial, individual cost of at least $5,000 and an estimated useful life in excess of one year. Assets purchased or constructed are recorded at historical cost when available or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the primary government are capitalized at the following thresholds and are depreciated using the straight-line method over the following estimated useful lives:

Asset Category	Useful Life	Capitalization Threshold
Land		$ 100,000
Buildings and improvements	30 years	100,000
Other improvements	30 years	100,000
Water, sewer system and other infrastructure	33 years	100,000
Furniture and fixtures, and certain machinery and equipment	10 years	5,000
Firetrucks and ambulances	20 years	25,000
Other machinery and equipment including vehicles	3-6 years	5,000-25,000 *

**Range is due to different machinery and equipment having different levels of capitalization thresholds within fiscal policy*

Compensated absences

City employees are granted vacation leave in varying amounts depending on length of service. Sick leave is also granted to employees after six months of service. In the event of termination after one or more years of service, an employee is paid for all accumulated unused vacation. No reimbursement is made for unused accumulated sick leave upon termination of employment, except upon retirement. Upon retirement, an employee may convert up to six weeks of accrued sick leave to vacation. Sick pay is recorded when taken. All vacation pay is accrued as vested and included in accrued liabilities in the government-wide and proprietary fund financial statements. Accrued vacation pay, including converted sick leave, that is expected to be liquidated within one year, is reported as a short-term liability. The remainder of the liability is reflected as long-term.

Long-term obligations

In the government-wide financial statements and proprietary funds financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts and losses on bond refundings are deferred and amortized over the life of the related debt.

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure/reduction of liability) until then. The City has the following items that qualify for reporting in this category.

- Deferred loss on refunding – A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and recognized over the shorter of the life of the refunded or refunding debt.
- Pension contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Difference in projected and actual earnings on pension plan investments – This difference is deferred and recognized over a closed five-year period.

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue or reduction of expense) until that time. The City has the following items that qualify for reporting in this category.

- Deferred gain on refunding – A deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and recognized over the shorter of the life of the refunded or refunding debt.
- Difference in expected and actual pension experience – This difference is deferred and recognized over the estimated average remaining service life of all members determined as of the beginning of the measurement period.
- Difference in assumption changes – These changes are deferred and recognized over the estimated average remaining service lives of all employees that are provided with pensions through the pension plan (active and inactive employees) determined as of the beginning of the measurement period.

Governmental Fund level statements have deferred inflows from the following sources: Ambulance $279,754, property taxes $194,967, grants $10,473 and assessments $146,052. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Fund balance

Fund balances are reported within one of the fund balance categories list below.

1. *Nonspendable*, such as fund balances associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned),
2. *Restricted* fund balance category includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation,
3. *Committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's Council (the city's highest level of authority),
4. *Assigned* fund balance classification are intended to be identified and authorized for specific purposes by the City's authorized representative by the Council (City Manager) and for other purposes that cannot be classified as restricted or committed,
5. *Unassigned* fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

Committed Fund Balance Policy

Fund balances are committed by the City Council under specific resolutions or ordinances which were adopted to restrict the utilization of special revenue sources. Once the resolutions or ordinances are adopted, the limitation imposed remains in place until a similar action is taken (the adoption of another resolution or ordinance) to remove or revise the limitation.

Fund balance reporting as a result of resolutions and ordinances passed by City Council:

- General Donations or contributions to the City that do not have specific goals designated by the donor are committed by council resolution to keep the original general intent for which they were received.
- Drainage Utility Fees are to be utilized for the infrastructure or debt service for such infrastructure.
- Gas Development funds are used for specific projects for various reasons such as deemed necessary by city management.

Assigned Fund Balance Policy

Approved by the fund balance policy, the City's Assigned Fund Balance is under the direction of the City Manager, (as authorized by the City Council).

- Capital projects are proceeds assigned by management through budget appropriations to fund special capital projects not funded through bond proceeds,
- Recreation Centre assignment is net operations for the program for future infrastructure maintenance and operational needs,
- Encumbrances are purchases procured in the current fiscal year, but will not be delivered or services accomplished until the next fiscal year. This assignment of prior year encumbrances insures resources are available to complete the purchases.

Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance depleted before using any of the components of unrestricted fund balance. Further when the components of unrestricted fund balance can be used for the same purposes, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Minimum Fund Balance

At the end of each fiscal year, the General Fund should maintain a minimum unassigned fund balance that is no less than 15% of the subsequent year's General Fund Appropriated Expenditure budget. This target amount has been established in order to provide a reasonable level of assurance that the City's day-to-day operations will be able to continue even if circumstances occur where revenues are insufficient to cover expenditures.

II. RECONCILIATION OF GOVERNMENT-WIDE AND GOVERNMENTAL FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position.

One element of that reconciliation explains that "capital assets used in governmental activities (excluding internal service capital assets) are not financial resources and, therefore, are not reported as assets in governmental funds." The details of the $315,318,149 difference are as follows:

Capital assets, net of depreciation (internal service funds excluded)	$	294,449,847
Construction in progress (internal service funds excluded)		20,868,302
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities	$	315,318,149

The second element of that reconciliation explains that "certain receivables are not available to pay current-period expenditures and, therefore, are deferred in the funds." The details of the $576,991 difference are as follows:

Unavailable revenue	$	576,991
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities	$	576,991

Another element of that reconciliation explains that "the assets and liabilities of the internal service funds are included with governmental activities in the Statement of Net Position but are not included at the fund level." The details of the $7,946,409 difference are as follows:

Net position, internal service funds combined	$	11,357,221
Amount allocated to business-type activities		(3,410,812)
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities	$	7,946,409

The last element of that reconciliation explains that "long-term liabilities (excluding internal service funds), including bonds payable and related deferred inflows and outflows of resources are not due and payable in the current period and, therefore, are not reported in the funds." The details of the $(153,378,786) difference are as follows:

Bonds payable	$	(115,705,000)
Unamortized premiums/discounts on bonds payable		(5,258,165)
Deferred gain on refunding		(131,393)
Deferred loss on refunding		588,462
Accrued interest payable		(456,054)
Compensated absences		(3,338,495)
Other post employment benefits obligation		(11,793,222)
Net pension liability		(24,827,273)
Deferred difference in projected and actual earnings on pension assets		7,209,245
Deferred pension contributions		3,281,060
Deferred difference in expected and actual experience		(2,726,023)
Deferred difference in assumption changes		(221,928)
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	$	(153,378,786)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balance includes a reconciliation between net changes in fund balance – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities.

One element of that reconciliation explains that "governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this $4,224,823 difference are as follows:

Capital outlay in excess of capitalization threshold	$	14,810,734
Depreciation expense		(10,585,911)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	$	4,224,823

The next element of that reconciliation explains that "the net effects of various transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net position." The details of this ($820,509) difference are as follows:

Asset retirements and impairments, net of proceeds	$	(820,509)
Net adjustment to decrease net changes in fund balance - total governmental funds to arrive at changes in net position of governmental activities	$	(820,509)

The next element of that reconciliation explains that "certain revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds. These differences are the net change in deferred inflows of resources." The current year difference is $607,863.

The next element of that reconciliation explains that "certain long-term liabilities are accrued at the government-wide level but not at the fund level." The details of this ($3,201,745) difference are as follows: (Excludes Internal Service Funds)

Changes in:		
Accrued interest/interest expense	$	78,672
Litigation payable		270,145
Other post employment benefits		(1,550,262)
Pension expense		(1,853,742)
Compensated absences		(146,558)
Net adjustment to decrease net changes in fund balance - total governmental funds to arrive at changes in net position of governmental activities	$	(3,201,745)

Another element of that reconciliation states that "bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the difference between repayments and proceeds received." The details of this $2,938,046 difference are as follows: (Excludes Internal Service Funds)

Debt issued or incurred:		
Refunding bonds	$	(1,695,000)
Certificates of obligation bonds		(7,545,000)
Principal repayments:		
General obligation bonds		10,515,000
General Obligation bonds - refunding		1,681,486
Premium on bond sale		(362,160)
Current year amortization of bond premium, discount, deferred inflows and outflows (gain and loss)		343,720
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	$	2,938,046

Another element of that reconciliation states that "the net revenue (expense) of internal service funds is reported with governmental activities." The details of the $(229,157) difference are as follows:

Change in net position - internal service funds combined	$	(495,335)
Income (Expenses) reflected in business-type activities		266,178
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	$	(229,157)

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

Deposits - The City maintains an entity wide cash and investment pool that is available for use by all funds. Each fund's portion of the pool is displayed on the statement of net position as "Cash, Cash Equivalents and Investments".

The investment policy of the City is governed by State statute and a Council adopted City Investment Policy. Major controls stipulated in the Investment Policy include: depository limitations require Federal Deposit Insurance Corporation ("FDIC") insurance or full 100 percent collateralization; depositories are limited to Texas banking institutions; all collateral for repurchase agreements and deposits held by independent third party trustees; all settlement is delivery versus payment; all authorized investments are defined; and diversification guidelines are set as are maximum maturity and maximum weighted average maturity.

State statutes require all time and demand deposits to be fully insured or collateralized. At September 30, 2017, the carrying amount of the City's demand deposits were $11,214,997. Accounts with under $250,000 balance of either an interest bearing account or non-interest bearing account are covered by FDIC deposit insurance. The total cash held in demand deposits has been materially collaterized and meet statutes' requirements.

As of September 30, 2017, the City's investment pool portfolio (excluding bank deposits) are held by the City's custodian in the City's name under written agreements. The City's custodian is JP Morgan Chase.

The City's investment pool, excluding fiduciary funds, held the following cash, cash equivalents, and investments as of September 30, 2017:

Cash on hand (petty cash, cashier tills)	$	11,382
Demand Deposit Accounts		10,472,287
Investment Pools		30,594,085
Commercial Paper		4,085,680
US Treasury Notes		22,322,416
U.S. Agencies and Government Sponsored Agencies		32,087,953
Total deposits and investments	$	99,573,803

Investments - Weighted average maturity ("WAM") of the portfolio by investment type categories reflected in the following table is stated in days. Investment type acronyms displayed in the following table are defined as follows: FHLB – Federal Home Loan Bank, FHLMC – Federal Home Loan Mortgage Corporation, FMDN – Federal National Mortgage Discounted Notes, FNMA – Federal National Mortgage Association, and USTR – U.S. Treasury Notes. The rating agency acronym is defined as follows: S&P – Standard and Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc. Additional information about the rating agency or the significance of the ratings provided may be obtained from the agency's web site.

Legal provisions generally permit the City to invest in certificates of deposit, repurchase agreements, public funds investment pools, direct obligations of the United States of America or its subdivisions, and state and local government securities. Because the City is responsible for the investment portfolio of its blended component units, the City's investment practices and policies disclosed herein apply equally to its component units. During the year ended September 30, 2017, the City did not own any types of securities other than those permitted by statute.

The government investment pool, TexPool, is carried at amortized cost. LOGIC, TexSTAR, and TexasTERM are carried at net asset value.

TexPool falls under the purview of the Texas Comptroller of Public Accounts ("Comptroller") who is responsible for oversight of TexPool operations. LOGIC and TexSTAR have established a governing board at least partially comprised of pool participants. TexasTERM is directed by an Advisory Board of experienced local government officials, finance directors and treasurers and is managed by a team of industry leaders that are focused on providing professional investment services to investors. Duties of the governing boards include oversight responsibility. The Comptroller and the governing boards exercise oversight of the pools' activities via daily, weekly, and monthly reporting requirements. Additionally, per the requirements of the Public Funds Investment Act ("PFIA"), all pools will maintain an AAA or equivalent rating from at least one nationally recognized rating agency. The PFIA also requires an annual examination of the financial statements of the pools by an independent certified public accounting firm.

As of September 30, 2017, the City held the following investments:

Investment Type	WAM	Rating	Rating Agency	Carrying Value
Investment pools:				
TexPool	51	AAAm	S&P	$ 18,809,458
LOGIC	59	AAAm	S&P	1,706,323
TexSTAR	50	AAAm	S&P	1,564,570
Texas Term	47	AAAm	S&P	8,513,734
Total pools				$ 30,594,085
Commercial Paper:	5	NR	NR	4,085,680
Total commercial paper				$ 4,085,680
USTR	379	AA+	S&P	22,322,416
Total U.S. Treasuries				$ 22,322,416
U.S. Agencies and Government Sponsored Entities:				
FHLB	49	AA+	S&P	$ 10,968,071
FHLMC	43	AA+	S&P	3,519,147
FMDN	111	AA+	S&P	3,791,985
FNMA	61	AA+	S&P	13,808,750
Total U.S. Agencies & Government Sponsored Entities				$ 32,087,953
Total Portfolio				$ 89,090,134

In accordance with GASB Statement No. 72, *"Fair Value Measurement and Application,"* the City records investments at fair value. However, for participating interest-earning investments contracts with maturities of one year or less at time of purchase, the City reports these investments at amortized cost.

Interest Rate Risk – Interest rate risk is the potential for a decline in market value due to rising interest rates. In accordance with its formally-adopted investment policy, the City manages its exposure to declines in fair market value by limiting the portfolio's weighted average maturity to a maximum of 730 days. The City also employs an investment maturity laddering structure to stagger investment maturities at various monthly rungs on the ladder. This laddering structure provides the City with the ability to reinvest the proceeds from the maturities in higher-yielding securities given the proceeds are not required to meet immediate cash flow needs.

Custodial Credit Risk – Custodial credit risk is the risk that a government will not be able to recover (a) deposits if the depository financial institution fails or (b) the value of investment or collateral securities that are in the possession of an outside party if the counterparty to the investment or deposit transaction fails. To minimize such risk, the City requires collateralization of most deposits in excess of coverage, utilizes the delivery vs. payment method for investment purchases, and contracts with a third-party safekeeping agent.

Per the terms of its depository agreement, for bank deposits in excess of the coverage provided by the FDIC, the City requires the depository bank to pledge to the City securities (collateral) equal to the following percentages, as applicable, to the largest balances the City maintains in the Bank.

Maturity of Collateral	U.S. Treasuries	Other Securities
1 year or less	101%	102%
1 year to 5 years	102%	105%
Over 5 years	103%	110%

The percentages as shown reflect the requirement based on market value of the pledged securities.

The City's depository bank also acts as its safekeeping agent per the terms of the depository contract. City policy dictates that all securities rendered for payment will be sent delivery vs. payment meaning that the funds required for purchase of a security will not be released until the safekeeping agent has received the security purchased in the City's name. No broker holds City funds. The City does not purchase securities from its depository bank or any subsidiary banks of the same bank holding company.

Credit Risk – The Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. In order to minimize credit risk, the City limits investments to those rated as to investment quality of not less than "A" or its equivalent by a nationally recognized rating firm. Diversification of the portfolio is also employed to manage credit risk. The investment policy limits the percentage of the portfolio that may be invested in any specific type of security. Ratings for the City's investments and the percentage of the total portfolio of each investment type held at the end of year can be found on the first table in this section.

OPEB Trust Fund Investments - The City has contracted with Public Agency Retirement Services (PARS) for trust administration and Union Bank serves as the trustee for all investments of the OPEB Trust Fund. The OPEB Plan does not have a formal policy for custodial credit risk. As of December 31, 2016 all investments are registered in the name of the OPEB Plan's custodian established through a master trust custodial agreement. The OPEB Trust Fund investments are carried at fair value of $1,776,152 as of December 31, 2016. The investment in master trust is classified in Level 3 of the fair value hierarchy using quoted market prices of the mutual funds owned by the trust, allocated among members. The Trust's funds are invested in a mutual fund that is invested in equity, money market and fixed income mutual funds. The investment strategy of the OPEB Trust Fund is to provide current income with capital appreciation. The credit rating and weighted average maturity is not available for the pool.

- *Interest Rate Risk* – Interest rate risk is the potential for a decline in market value due to rising interest rates. In accordance with its formally-adopted investment policy, the Trust committee has chosen to use moderate risk levels. Exposure to market fluctuations can occur, and the investment strategy is reviewed annually to insure that exposure to these market fluctuations is appropriate.

- *Custodial Credit Risk* – Custodial credit risk is the risk that a government will not be able to recover (a) deposits if the depository financial institution fails or (b) the value of investment or collateral securities that are in the possession of an outside party if the counterparty to the investment or deposit transaction fails. The Trust is not covered by any collaterization agreement or FDIC insurance.

- *Credit Risk* – The Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The risk tolerance chosen by the Trust is moderate. The mutual fund investment is not rated.

Fair Value of Assets – Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1	Quoted prices in active markets for identical assets or liabilities
Level 2	Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
Level 3	Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Recurring Measurements

The following table presents the fair value measurements of assets recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair hierarchy in which the fair value measurements fall at September 30, 2017:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
September 30, 2017				
Investments by fair value level				
U.S. Treasury Obligations	$ 22,322,416	$ -	$ 22,322,416	$ -
U.S. Agency Securities	32,087,953	-	32,087,953	-
Investment in Master Trust	1,776,152	-	-	1,776,152
Commercial Paper	4,085,680	-	4,085,680	-
Total investments by fair value level	$ 60,272,201	$ -	$ 58,496,049	$ 1,776,152
Investments measured at net asset value				
TexSTAR	$ 1,564,570			
LOGIC	1,706,323			
TexasTERM	8,513,734			
	$ 11,784,627			
Investments measured at amortized cost - TexPool	$ 18,809,458			
Total investments	$ 90,866,286			

Certain investments that are measured using the net asset value per share (or its equivalent) practical expedient or amortized cost have not been classified in the fair value hierarchy. The fair value amounts included above approximate net asset value for all related external investment pool balances.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. At September 30, 2017, no investments are held by the City meeting the Level 3 hierarchy classification.

Investments in State Investment Pools

During the year, the City invested in multiple public investment pools, including TexSTAR, LOGIC, TexasTerm, and TexPool. TexSTAR, LOGIC, and TexasTerm are measured at net asset value and are designed to approximate the share value, while TexPool is measured at amortized cost. Each pool's governing body is comprised of individuals who are employees, officers, or elected officials of participants in the funds or who do not have a business relationship with the fund and are qualified to advise. Investment objective and strategies of the pools are to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. Pools offer same day access to investment funds.

B. Receivables

Governmental and Business-type funds' receivables as of year-end for the City's major funds and non-major in the aggregate, net of the applicable allowances for uncollectible accounts, are as follows:

Governmental Funds:

	General	Parks and Recreation Development	Non-major	Total
Accounts	$ 949,215	$ -	$ 102,263	$ 1,051,478
Property taxes	719,687	-	330,315	1,050,002
Other taxes	2,017,197	836,374	912,517	3,766,088
Total	$ 3,686,099	$ 836,374	$ 1,345,095	$ 5,867,568
Allowance	(925,349)	-	(332,289)	(1,257,638)
Total (net of allowance)	$ 2,760,750	$ 836,374	$ 1,012,806	$ 4,609,930

Proprietary Funds:

	Utility	Aquatic Park	Golf	Total	Internal Service
Accounts	$ 4,660,568	$ 17,546	$ 19,134	$ 4,697,248	$ 17,989
Total	$ 4,660,568	$ 17,546	$ 19,134	$ 4,697,248	$ 17,989
Allowance	(108,243)	-	(3,822)	(112,065)	-
Total (net of allowance)	$ 4,552,325	$ 17,546	$ 15,312	$ 4,585,183	$ 17,989

Unearned Revenue

At the end of the current fiscal year, the various components of unearned revenue reported in the governmental funds were as follows:

	Unearned
General Fund:	
Escrow deposits	$ 17,446
LEOSE Public Safety proceeds	59,292
Sub-total	$ 76,738
Parks and Recreation Development Corporation:	
Centre and event deposits for future services	$ 165,386
Sub-total	$ 165,386
Business-type activities for unearned revenue is:	
Advanced Payments, Gift Certificates, Store Credit	$ 67,082
Total unearned revenue for enterprise funds	$ 67,082

C. Capital assets

Capital asset activity for the year ended September 30, 2017 was as follows:

Primary Government **Governmental activities:**	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, nondepreciable					
Land	$ 79,504,462	$ 1,107,949	$ 808,509	$ 116,536	$ 79,920,438
Works of art	310,208	-	-	-	310,208
Assets held for sale	14,612	-	-	-	14,612
Construction in progress	16,676,039	10,522,533	-	(6,330,270)	20,868,302
Total nondepreciable	96,505,321	11,630,482	808,509	(6,213,734)	101,113,560
Capital assets, depreciable:					
Buildings	130,197,775	57,406	-	-	130,255,181
Other improvements	199,132,594	2,143,156	-	5,954,734	207,230,484
Machinery and equipment	24,916,547	1,067,088	69,093	259,000	26,173,542
Total depreciable	354,246,916	3,267,650	69,093	6,213,734	363,659,207
Less accumulated depreciation for:					
Buildings	(19,916,457)	(4,282,129)	-	(166,658)	(24,365,244)
Other improvements	(98,846,544)	(5,388,224)	-	-	(104,234,768)
Machinery and equipment	(16,204,215)	(1,729,511)	(57,093)	166,658	(17,709,975)
Total accumulated depreciation	(134,967,216)	(11,399,864)	(57,093)	-	(146,309,987)
Total depreciable - net	219,279,700	(8,132,214)	12,000	6,213,734	217,349,220
Governmental activities - net	$ 315,785,021	$ 3,498,268	$ 820,509	$ -	$ 318,462,780

Primary Government **Business-type activities:**	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, nondepreciable					
Land	$ 2,579,137	$ -	$ -	$ -	$ 2,579,137
Construction in progress	2,370,108	1,183,802	-	(241,175)	3,312,735
Total nondepreciable	4,949,245	1,183,802	-	(241,175)	5,891,872
Capital assets, depreciable:					
Buildings	4,405,053	-	-	-	4,405,053
Utility Plant	106,300,002	487,080	-	241,175	107,028,257
Other improvements	27,578,547	403,518	-	-	27,982,065
Machinery and equipment	4,398,399	489,023	-	-	4,887,422
Total depreciable	142,682,001	1,379,621	-	241,175	144,302,797
Less accumulated depreciation for:					
Buildings	(2,686,649)	(143,006)	-	-	(2,829,655)
Utility Plant	(58,348,094)	(3,200,455)	-	-	(61,548,549)
Other improvements	(13,793,122)	(913,985)	-	-	(14,707,107)
Machinery and equipment	(3,369,250)	(359,353)	-	-	(3,728,603)
Total accumulated depreciation	(78,197,115)	(4,616,799)	-	-	(82,813,914)
Total depreciable - net	64,484,886	(3,237,178)	-	241,175	61,488,883
Business-type activities - net	$ 69,434,131	$ (2,053,376)	$ -	$ -	$ 67,380,755

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:		
General government	$	2,849,833
Public safety		688,096
Culture and recreation		2,168,031
Public works		4,879,951
Facilities and construction		36,153
Fleet services		639,866
Information systems		137,934
Total depreciation expense - governmental activities	$	11,399,864
Business-type activities:		
Water and sewer		$3,394,817
Golf course		347,142
Aquatic park		874,840
Total depreciation expense - business-type activities	$	4,616,799

Construction Commitments

The City has active construction projects as of September 30, 2017. The projects include street construction, widening, and streetscaping; as well as construction of drainage facilities, parks and park improvements, and municipal facilities. At year-end the City's commitments with contractors were as follows:

	Project Authorization	Expended to September 30, 2017	Committed
Streets, drainage, public safety, park improvements, municipal facilities, equipment, and utility improvements	$ 213,914,265	$ 168,288,215	$ 45,626,050

Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

General fund	$	114,058
Capital projects fund		12,599,338
Total	$	12,713,396

D. Interfund transfers

At September 30, 2017, interfund balances consisted of the following:

Transfers In/Out amounts for Governmental and Proprietary Funds are as follows:

	Transfer in:							
	General Fund	General Capital Projects	General Debt Service	Parks and Recreation Development	Other Governmental	Utility	Internal Service Funds	Total
Transfer out:								
Governmental:								
General Fund	$ -	$ 330,000	$ -	$ 487,102	$ 105,080	$ -	$ 77,975	$ 1,000,157
General Capital Projects	1,599,289	20,000	608,813	-	-	-	-	2,228,102
Parks and Recreation Development Fund	498,988	2,163,180	320,393	-	124,118	-	-	3,106,679
Other Governmental	62,123	1,846,000	414,418	-	-	-	-	2,322,541
Subtotal governmental funds	$ 2,160,400	$ 4,359,180	$ 1,343,624	$ 487,102	$ 229,198	$ -	$ 77,975	$ 8,657,479
Proprietary:								
Utility Fund	$ 4,039,059	$ -	$ -	$ -	$ -	$ -	$ 175,000	$ 4,214,059
Aquatic Park	166,631	-	-	83,685	-	-	-	250,316
Golf	147,760	-	-	-	-	48,003	-	195,763
Subtotal enterprise funds	4,353,450	-	-	83,685	-	48,003	175,000	4,660,138
Internal Service Funds	-	1,125,800	474,607	-	-	-	-	1,600,407
Grand total	$ 6,513,850	$ 5,484,980	$ 1,818,231	$ 570,787	$ 229,198	$48,003	$ 252,975	$ 14,918,024

Governmental

In 2017, the General Fund received a total transfer of $6,513,850 from other funds in the government. A transfer of $1,599,289 was received to offset operating and debt service impacts associated with the City Hall project from funds previously set aside for that purpose. Parks and Recreation Development Corporation transferred $498,988 for indirect cost and to cover its portion of a sales tax based economic development incentive. The Crime Control District Fund also provided a transfer of $52,124 for its share of the same sales tax based economic development incentive as well. An additional $10,000 was received from the Donations fund. The Golf Course made the sixth and final $147,760 payment to the General Fund for previous interfund loans. The Utility fund transferred $4,039,059 for payment for administration fees, payment in lieu of tax, and franchise fees. Aquatic Park paid $166,631 for indirect and administration fees.

During FY 2017, the General Fund transferred out to other funds a total of $1,000,157. Transfers to General Capital Funds included $230,000 for Streets and Sidewalks and Information Services capital projects. An operational supplement transfer of $487,102 to the NRH Centre and $77,975 was transferred to Informational Services Fund for a position related to the Communications / Detention consolidation. A total of $105,080 was transferred to the Special Investigations Fund. An additional $100,000 was transferred from the General Fund for Neighborhood Reinvestments.

General Capital Projects received $330,000 from the General Fund. These transfers were for permanent street and sidewalk maintenance, drainage, information services projects, neighborhood reinvestments and facility construction projects. Parks and Recreation Development transferred $2,163,180, including $1,100,000 in impact fees, for new park facilities and infrastructure. Other Governmental funds transferred $1,076,000 in 2017. Drainage Utility Fund transferred $695,000 for drainage projects and Internal Service funds transferred $1,125,800 for the purchase of machinery and equipment.

General Debt Service received transfers from self-supporting debt repayment sources each year. Parks and Recreation Development Corporation, Other Governmental, and Internal Service funds transferred $320,393, $414,418, and $474,607 respectively. The remaining $607,813 represents reserves designated for the City Hall project used to assist in offsetting the impact of related debt service payments.

Parks and Recreation Development Corporation received a transfer for the General Fund's annual contribution for Recreation Centre operations in the amount of $487,102. The Aquatic Park transfer of $83,685 is an annual transfer to offset operational costs incurred by the Park fund for the mowing and landscape related to the water park.

Non-Major Governmental funds received additional funding as a reimbursement from General Fund in the amount of $105,800.

Proprietary

Internal Service Funds received additional funding to help offset non-capital project related costs above normal operations. Specifically, these transfers went to the Information Technology Fund and were respectively $77,975 (General Fund) and $175,000 (Utility Fund).

E. Long-term debt

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital assets such as streets, drainage structures, and municipal facilities, as well as for the purpose of refunding a portion of its outstanding debt.

On May 2, 2017, the City issued $1,900,000 in General Obligation Bonds with an average interest rate of 2.29% to refund $1,870,000 of outstanding 2007 General Obligation and Certificate of Obligations with an average interest rate of 4.14%. The net proceeds of $1,883,914 were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, the bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net position.

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $1,669. This difference, reported in the accompanying financial statements as an increase from deferred gain on refunding, is being charged to operations through the year 2027. An economic gain was incurred (difference between the present values of the debt service payments on the old and new debt) of $83,904.

In prior year, the government defeased certificate of obligation bonds by placing the proceeds of the new bonds in an irrevocable trust account to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the government's financial statements. At September 30, 2017, $1,955,000 of defeased bonds remain outstanding.

General obligation bonds currently outstanding are as follows:

Purpose	Interest Rates	Principal Amount
Governmental activities	2.00 - 5.50%	$ 66,220,000
Business-type activities	2.00 - 5.00%	2,755,000
		$ 68,975,000

Annual debt service requirements to maturity for general obligations bonds are as follows:

Year Ending September 30,	Governmental Activities Principal	Governmental Activities Interest	Business-type Activities Principal	Business-type Activities Interest
2018	$ 6,085,000	$ 2,088,401	$ 415,000	$ 85,427
2019	5,770,000	1,901,770	355,000	71,362
2020	5,540,000	1,731,941	305,000	61,804
2021	5,270,000	1,551,075	305,000	51,848
2022	5,080,000	1,377,132	305,000	40,793
2023-2027	21,255,000	4,685,287	990,000	90,938
2028-2032	15,070,000	1,640,433	80,000	2,000
2033-2034	2,150,000	75,919	-	-
	$ 66,220,000	$ 15,051,958	$ 2,755,000	$ 404,171

Certificates of Obligation

The City also issues certificates of obligation ("CO's") to finance the acquisition and construction of capital assets including certain capital improvement projects, municipal facilities, and machinery and equipment. Certificates of Obligation bonds have been issued for 2017. The debt issued was $7,545,000 principal and premium received of $362,160. The bonds are generally issued for 20-year serial bonds with equal amounts of principal maturing each year.

Certificates of Obligation bonds currently outstanding are as follows:

Purpose	Interest Rates	Principal Amount
Governmental activities	1.25 - 5.00%	$ 49,485,000
Business-type activities	1.25 - 5.00%	13,605,000
		$ 63,090,000

Annual debt service requirements to maturity for certificates of obligation of the primary government are as follows:

Year Ending September 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2018	$ 4,660,000	$ 1,840,850	$ 1,140,000	$ 427,207
2019	4,030,000	1,694,113	1,005,000	398,159
2020	3,895,000	1,562,682	1,005,000	370,887
2021	3,850,000	1,429,733	960,000	343,760
2022	3,360,000	1,299,489	955,000	315,975
2023-2027	16,535,000	4,557,477	4,410,000	1,152,291
2028-2032	9,040,000	1,839,708	3,365,000	421,703
2033-2037	4,115,000	245,075	765,000	59,588
	$ 49,485,000	$ 14,469,127	$ 13,605,000	$ 3,489,570

Capital Leases

Golf Fund entered into a lease agreement as lessee for the financing the acquisition of golf cart equipment originally valued at $336,793. The equipment has a four year estimated useful life with a remaining net book value of $259,611. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the inception date.

The future minimum lease obligations and the net present value of these minimum lease payments were as follows:

Year Ending September 30,	Business-Type Activities
2018	$ 84,198
2019	84,198
2020	84,198
2021	7,017
Total Minimum Lease Payments	$ 259,611

Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2017, is reflected in the following tables.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable					
General Obligation Bonds	$ 72,330,000	$ 1,695,000	$ 7,805,000	$ 66,220,000	$ 6,085,000
Certificates of Obligation	46,330,000	7,545,000	4,390,000	49,485,000	4,660,000
Premium on Bond Issues	5,302,840	362,160	406,230	5,258,770	-
Discount on Bond Issues	(7,608)	-	(7,003)	(605)	-
Compensated Absences	3,484,957	394,699	237,214	3,642,442	541,737
Other Post Employment Benefits	11,190,722	1,687,025	-	12,877,747	-
Net Pension Liability	28,272,893	-	1,200,211	27,072,682	-
Total Governmental Activities	$ 166,903,804	$ 11,683,884	$ 14,031,652	$ 164,556,036	$ 11,286,737
Business-Type Activities:					
Bonds Payable					
General Obligation Bonds	$ 2,970,000	$ 205,000	$ 420,000	$ 2,755,000	$ 415,000
Certificates of Obligation	14,980,000	-	1,375,000	13,605,000	1,140,000
Capital Lease	92,154	336,793	176,353	252,594	84,198
Premium on Bond Issues	512,397	-	49,657	462,740	-
Discount on Bond Issues	(30,618)	-	(2,433)	(28,185)	-
Compensated Absences	387,513	45,240	19,723	413,030	63,927
Other Post Employment Benefits	1,422,322	102,484	-	1,524,806	-
Net Pension Liability	3,538,697	-	144,412	3,394,285	-
Total Business-Type Activities	$ 23,872,465	$ 689,517	$ 2,182,712	$ 22,379,270	$ 1,703,125

The liability for compensated absences, other postemployement benefits, and pensions is liquidated by the General Fund by approximately 82 percent. The Utility Fund, Aquatic Park Fund, and Internal Service Funds normally liquidate 8 percent, 2 percent, and 8 percent, respectively.

IV. OTHER INFORMATION

A. Risk management

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. While the City has historically retained a portion of these risks, coverage exists for: general, employment practice, law enforcement, and errors and omissions liability; excess workers' compensation; property damage; commercial crime coverage; and employee life insurance. Premiums are paid into the self-insurance internal service fund by all other participating funds and are available to pay claims, claim reserves, and administrative costs of the program.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for health and dental as well as workers' compensation claims that have been incurred but not reported ("IBNR"). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. An excess coverage medical insurance policy covers individual claims in excess of $175,000 and/or $9,445,195 in the aggregate for a 12-month period beginning on January 1, 2017 Changes in the balances of claims liabilities during the past two years are as follows:

	2017	2016
Unpaid claims, beginning of year	$ 1,320,348	$ 1,212,385
Incurred claims (including IBNR)	10,265,308	11,345,758
Claim expense	(10,078,298)	(11,237,795)
Unpaid claims, end of year	$ 1,507,358	$ 1,320,348

B. Contingent Liabilities

The City is a defendant in certain lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the City.

C. Postemployment Benefits

Deferred Compensation Plan

The City offers its employees a deferred compensation plan (the "Plan") created in accordance with Internal Revenue Code Section 457. The Plan is administered by Public Employees Benefit Services Corporation. In 1998, the City implemented the requirements of GASB No. 32, *Accounting and Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. In accordance with this statement and tax law, the City has amended its trust agreements which establish that all assets and income of the trust are for the exclusive benefit of eligible employees and their beneficiaries. Due to the implementation of these changes, the City does not have any fiduciary responsibility or administrative duties relating to the deferred compensation plan other than remitting employees' contributions to the trustees. Accordingly, the City has not presented the assets and liabilities of the Plan in these basic financial statements.

Retiree Healthcare Plan (Under GASB Statement No. 45)

Plan Description. The City provides postretirement health and dental care benefits for retirees and their dependents. The City does not have a separate audited generally accepted accounting principles financial report for the retiree health plan.

The benefits vary depending upon a retiree's years of service. Retirees fall into three categories: full retirement, early retirement, and combined service retirement. The full retirement retiree pays 100% of the current premiums for health and dental care coverage for themselves and covered dependents. Early retirement and combined service retirement employees pay premiums for health and dental care coverage for themselves and covered dependents at 150% and 175%, respectively, of the current premium. The City's regular health and dental care benefit providers underwrite the retirees' policies. Retirees may not convert the benefit into an in-lieu payment to secure coverage under independent plans.

Membership	
Active members	481
Retirees and beneficiaries	246
	727

The City of North Richland Hills Retired Employees Healthcare Plan (NRHREHP) is a single-employer defined benefit healthcare plan and is self-administered through an internal oversight committee (appointed by the City Manager through conveyed authority from City Council). NRHREHP provides medical, prescription, and dental insurance benefits to eligible retirees and their spouses. City council is the authoritative body granting health care benefits for both active and retired employees.

Funding Policy. The contribution requirements of plan members and the state are established and may be amended by the City Council members. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund.

For fiscal year 2017, the City contributed a total of $1,657,330 to the plan for benefit payments. Of the $2,691,274, $100,000 was contributed to the OPEB Trust and $1,557,330 was for health insurance benefit payments.

Annual OPEB Cost and Net OPEB Obligation. The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to NRHREHP:

	2015	2016	2017
Annual required contribution	$ 3,290,774	$ 3,572,245	$ 3,534,494
Interest on net OPEB obligation	439,535	484,472	567,587
Adjustment to annual required contribution	(1,043,305)	(384,382)	(450,326)
Annual OPEB cost (expense)	2,687,004	3,672,335	3,651,755
Contributions made	(1,688,391)	(1,825,328)	(1,757,330)
Increase (Decrease) in net OPEB obligation	998,613	1,847,007	1,894,425
Net OPEB obligation-beginning of year	9,767,424	10,766,037	12,613,044
Net OPEB obligation-end of year	$ 10,766,037	$ 12,613,044	$ 14,507,469

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 through 2017:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/2015	$ 2,687,004	62.84%	$ 10,766,037
9/30/2016	$ 3,672,335	49.70%	$ 12,613,044
9/30/2017	$ 3,651,755	48.70%	$ 14,507,469

Funded Status and Funding Progress. As of September 30, 2017, the most recent actuarial valuation date, the plan was 3.68% percent funded. The actuarial accrued liability for benefits was $50,103,432, and the actuarial value of assets was $1,776,152, resulting in an unfunded actuarial accrued liability (UAAL) of $48,327,280. The covered payroll (annual payroll of active employees covered by the plan) was $31,791,474 and the ratio of the UAAL to the covered payroll was 152.0%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the September 30, 2017, actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses), which is a the interest rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 10.00% initially, reduced by decrements to an ultimate rate of 5.00% after ten years. The UAAL is being amortized as a level percentage of projected payroll on a closed basis. Each component of the calculation is being amortized over a thirty year period since inception.

The healthcare cost trend rate for the plan used 9.5% for 2017-2018 and ending with 4.5% rate for 2027 and beyond.

D. Employee retirement system and pension plan

Plan Description

The City of North Richland Hills participates as one of 872 plans in the nontraditional, joint contributory, hybrid agent multiple-employer defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issue a publically available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.org.

All eligible employees of the city are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options.

Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of member's deposits and interest.

Benefits depend upon the sum of the employees' contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150% and 200%) of the employee's accumulated contributions. In addition, the City can grant, as often as annually, another type of monetary credit referred to as an updated service credit. An updated service credit is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date.

At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

Members can retire at ages 60 and above with 5 or more years of service or with 20 years of service regardless of age. A member is vested after 5 years. The plan provisions are adopted by the City Council, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

As the December 31, 2016 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	329
Inactive employees entitled to but not yet receiving benefits	269
Active employees	547
	1,145

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 16.26% and 16.33% in calendar years 2016 and 2017, respectively. The City's contributions to TMRS for the year ended September 30, 2017 were $5,559,812, and were equal to the required contributions.

Net Pension Liability

The City's net pension liability (NPL) was measured as of December 31, 2016, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year (3.0% in prior year)
Overall payroll growth	3.0% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females.

In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2016, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investment was determined using a building-block method in which best estimate ranges of expend future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of arithmetic real rates of return for each major asset class in fiscal year 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	4.15%
Real Return	10.0%	4.15%
Real Estate	10.0%	4.75%
Absolute Return	10.0%	4.00%
Private Equity	5.0%	7.75%
Total	100.0%	

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Basis of Allocation

Pension items are allocated between governmental activities and business-type activities on the basis of employee payroll funding. For the year ended September 30, 2017, those percentages were 89% and 11%, respectively, which approximated the prior year's allocations.

Changes in Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at September 30, 2016	$ 223,280,245	$ 191,468,655	$ 31,811,590
Changes for the year:			
Service cost	5,991,326	-	5,991,326
Interest	14,990,680	-	14,990,680
Difference between expected and actual experience	(1,803,452)	-	(1,803,452)
Changes of assumptions	-	-	-
Contributions - employer	-	5,409,161	(5,409,161)
Contributions - employee	-	2,328,666	(2,328,666)
Net investment income	-	12,939,363	(12,939,363)
Benefits payments, including refunds of employee contribut	(8,383,529)	(8,383,529)	-
Administrative expense	-	(146,139)	146,139
Other changes	-	(7,874)	7,874
Net Changes	10,795,025	12,139,648	(1,344,623)
Balance at September 30, 2017	$ 234,075,270	$ 203,608,303	$ 30,466,967

Sensitivity of the net pension liability to changes in the discount rate.

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%., as well as what the City's net pension liability would be if it were calculate using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's Net pension liability	64,752,480	30,466,967	2,443,536

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the internet at www.tmrs.com

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2017, the City recognized pension expense of $7,808,935.

At September 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual investment earnings	$ 8,835,679	$ -
Difference in assumption changes	-	271,857
Differences between expected and actual experience	-	3,328,742
Contributions subsequent to the measurement date	4,030,311	-
Total	$ 12,865,990	$ 3,600,599

$4,030,311 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:	
2017	$ 1,925,716
2018	1,925,715
2019	1,760,528
2020	(366,122)
2021	(10,757)
	$ 5,235,080

E. Tax Incentive Rebates

The City of North Richland Hills has three (3) active Commercial Development and Job Related Incentive Rebates that develop or redevelop a particular property attracting business that generates incremental tax revenues. The agreements are subject to Chapter 380 of the Texas Local Government Code that promotes local economic development, commercial activity and business stimulation. City Council approves the agreements via resolution. As part of the agreement, the City agrees to rebate the tax valorem tax increment and the local sales tax after confirmation of payment. If the businesses do not meet the obligations as set forth in the agreement, a clawback provision for default on agreement is included in the agreement and the business agrees return a percentage of the rebate back to the City. Total rebate of taxes as of September 30, 2017 was $182,266.

F. New Accounting Pronouncements Adopted in 2017:

Statement No.77: Tax Abatement Disclosures

GASB Statement No. 77, *Tax Abatement Disclosures*, improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. The City has implemented this Statement in fiscal year 2017.

Statement No. 82, Pension Issues, an amendment of GASB Statements No. 67, 68 and No. 73

GASB Statement No. 82, *Pension Issues, an amendment of GASB Statements No. 67, 68 and No. 73*, clarifies that a "deviation," as defined by the Actuarial Standards of Practice, issued by the Actuarial Standards Board, is not considered to be in conformity with the requirements of GASB Statements No. 67, No, 68 and No. 73 for the selection of assumptions used to measure the total pension liability and related measures. Additionally, this statement requires member contributions paid by the employer, to be excluded from employer contributions and from corresponding pension related deferred resources. The City has implemented this Statement in fiscal year 2017.

G. Implementation of Future GASB Statements

The Governmental Accounting Standards Board ("GASB") has issued the following new statements to be implemented in future years.

Statement No.74: Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,* establishes accounting and financial reporting standards, but not funding or budgetary standards, for state and local governmental other postemployment benefit ("OPEB") plans. The statement replaces Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurement by Agent Employers and Agent Multiple-Employer Plans*. The adoption of Statement No. 74 had no impact on the City's governmental fund financial statements. The adoption also resulted in no changes to the presentation of the financial statements of the City's OPEB Trust Fund. Note disclosures and Required Supplementary Information (RSI) were incorporated to comply with Statement No. 74. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2016. This standard becomes effective for the City in fiscal year 2018.

Statement No.75: Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions

GASB Statement No. 75: *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* was issued June 2015. The primary objective of this Statement if to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This standard becomes effective for the City in fiscal year 2018.

GASB Statement No. 83: *Certain Asset Retirement Obligations*

GASB Statement No. 83: *Certain Asset Retirement Obligations* establishes uniform criteria for governments to recognize and measure certain asset retirement obligations (AROs). An ARO is defined as a legally enforceable liability associated with the retirement of a tangible capital asset. Examples could be costs associated with decommissioning a nuclear power plant or disposal of x-ray machine. An ARO is recognized when the liability is incurred, which is manifested by the occurrence of both an external obligating event (such as a legally binding contract or a court judgment) and an internal obligating event (such as placing a tangible capital asset into service). A government also recognizes a deferred outflow of resources when it recognizes an ARO liability. The ARO is measured at the best estimate of the current value of outlays expected to be incurred. Additional note disclosures are required. This standard becomes effective for the City in fiscal year 2019.

GASB Statement No. 84: *Fiduciary Activities*

GASB Statement No. 84: *Fiduciary Activities* establishes criteria for identifying fiduciary activities. It presents separate criteria for evaluating component units, pension and other postemployment benefit arrangements, and other fiduciary activities. The focus is on a government controlling the assets of the fiduciary activity and identification of the beneficiaries of those assets. Fiduciary activities are reported in one of four types of funds: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, or custodial funds. Custodial funds are used to report fiduciary activities that are not held in a trust. The agency fund designation will no longer be used. GASB 84 also provides guidance on fiduciary fund statements and timing of recognition of a liability to beneficiaries. This standard becomes effective for the City in fiscal year 2020.

GASB Statement No. 86: *Certain Debt Extinguishment Issues*

GASB Statement No. 86: *Certain Debt Extinguishment Issues* eliminates an inconsistency in the literature related to in-substance defeasance of debt. Under previous guidance, debt could only be considered defeased if there was a refunding. GASB 86 now allows defeasance treatment even if the government uses existing assets and does not issue new debt. However, any resulting gain or loss will be recognized in the period of the defeasance. GASB 86 also includes guidance on handling prepaid insurance in any debt extinguishment. Additionally, there is a new requirement for all in-substance defeasances to disclose any ability to substitute risk-free monetary assets with those that are not. This standard becomes effective for the City in fiscal year 2018.

GASB Statement No. 87: *Leases*

GASB Statement No. 87: *Leases* provides a new framework for accounting for leases under the principle that leases are financings. No longer will leases be classified between capital and operating. Lessees will recognize an intangible asset and a corresponding liability. The liability will be based on the payments expected to be paid over the lease term, which includes an evaluation of the likelihood of exercising renewal or termination options in the lease. Lessors will recognize a lease receivable and related deferred inflow of resources. Lessors will not derecognize the underlying asset. An exception to the general model is provided for short-term leases that cannot last more than 12 months.

Contracts that contain lease and nonlease components will need to be separated so each component is accounted for accordingly. This standard becomes effective for the City in fiscal year 2021.

This page intentionally left blank.

REQUIRED SUPPLEMENTARY INFORMATION

This page intentionally left blank.

CITY OF NORTH RICHLAND HILLS, TEXAS
Required Supplementary Information
Texas Municipal Retirement System Plan
Schedule of Changes in Net Pension Liability and Related Ratios (Unaudited)

	Measurement Year 2014	Measurement Year 2015	Measurement Year 2016
Total pension liability			
Service cost	$ 5,572,383	$ 5,732,122	$ 5,991,326
Interest (on the total pension liability)	14,176,755	14,861,355	14,990,680
Difference between expected and actual experience	(1,880,743)	(1,819,900)	(1,803,452)
Change of assumptions	-	(452,493)	-
Benefit payments, including refunds of employee contributions	(7,376,810)	(8,959,709)	(8,383,529)
Net Change in Total Pension Liability	10,491,585	9,361,375	10,795,025
Total Pension Liability - Beginning	203,427,285	213,918,870	223,280,245
Total Pension Liability - Ending (a)	$ 213,918,870	$ 223,280,245	$ 234,075,270
Plan Fiduciary Net Position			
Contributions - employer	$ 5,636,415	$ 5,468,306	$ 5,409,161
Contributions - employee	2,236,673	2,280,541	2,328,666
Net investment income	10,400,524	284,162	12,939,363
Benefit payments, including refunds of employee contributions	(7,376,810)	(8,959,709)	(8,383,529)
Administrative expense	(108,580)	(173,081)	(146,139)
Other	(8,929)	(8,547)	(7,874)
Net Change in Plan Fiduciary Net Position	10,779,293	(1,108,328)	12,139,648
Plan Fiduciary Net Position - Beginning	181,797,690	192,576,983	191,468,655
Plan Fiduciary Net Position - Ending (b)	$ 192,576,983	$ 191,468,655	$ 203,608,303
Net Pension Liability - Ending (a) - (b)	$ 21,341,887	$ 31,811,590	$ 30,466,967
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	90.02%	85.75%	86.98%
Covered Payroll	$ 31,952,469	$ 32,568,873	$ 33,266,663
Net Pension Liability as a Percentage of Covered Payroll	66.79%	97.67%	91.58%

Changes in assumptions: In the 2015 valuation, the investment rate of return decreased from 7.0% to 6.75%, the discount rate decreased from 7.0% to 6.75%, and the inflation rate decreased from 3.0% to 2.5%.

CITY OF NORTH RICHLAND HILLS, TEXAS
Required Supplementary Information
Texas Municipal Retirement System Plan
Schedule of Contributions (Unaudited)
September 30, 2017

The information in this schedule has been determined as of the measurement date (December 31) of the City's net pension liability and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provisions of GASB 68, only periods of which such information is available are presented.

	FY 2015	FY 2016	FY 2017
Actuarially determined contribution	$ 5,528,987	$ 5,417,111	$ 5,559,812
Contributions in relation to the actuarially determined contribution	$ 5,528,987	$ 5,417,111	$ 5,559,812
Contribution deficiency (excess)	$ -	$ -	$ -
Covered payroll	$ 32,471,592	$ 33,017,098	$ 34,086,933
Contributions as a percentage of covered payroll	17.03%	16.41%	16.31%

Notes:

Valuation Date:	Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months

Methods and Assumptions Used to Determine Contribution Rate:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	21 years
Asset Valuation Method	10 Year Smoothed Market; 15% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 10.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 - 2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Other Information:	There were no benefit changes during the year.

The information in this schedule has been determined as of the City's fiscal year-end and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provisions of GASB 68, only periods of which such information is available are presented.

CITY OF NORTH RICHLAND HILLS, TEXAS
Required Supplementary Information
North Richland Hills Other Post-Employment Benefits
Schedule of Funding Progress (Unaudited)
September 30, 2017

Valuation Dated September 30,	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liablity (UAAL)	Fund Ratio	Annual Covered Payroll	UAAL as % of Payroll
2012	$ 779,748	$ 44,173,440	$ 43,393,624	2.00%	$ 31,735,386	136.70%
2013	$ 1,032,303	$ 46,317,371	$ 45,285,068	2.28%	$ 31,030,924	145.90%
2014	$ 1,181,007	$ 48,231,929	$ 47,050,922	2.51%	$ 32,272,161	145.80%
2015	$ 1,341,699	$ 52,473,590	$ 51,131,892	2.56%	$ 32,831,592	155.74%
2016	$ 1,402,075	$ 54,351,123	$ 52,949,048	2.58%	$ 34,144,856	155.07%
2017	$ 1,776,152	$ 50,103,432	$ 48,327,280	3.68%	$ 31,791,474	152.01%

CITY OF NORTH RICHLAND HILLS, TEXAS
Required Supplementary Information (unaudited)
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended September 30, 2017

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes:				
Property taxes (penalties & interest included)	$ 15,890,623	$ 16,162,016	$ 16,235,214	$ 73,198
City sales taxes	9,808,431	9,992,202	9,929,417	(62,785)
Mixed beverage taxes	143,500	145,333	145,222	(111)
Franchise taxes	5,210,458	4,857,458	4,864,294	6,836
Sub-total Taxes	31,053,012	31,157,009	31,174,147	17,138
Fines and forfeitures	2,077,475	2,181,888	2,212,430	30,542
Licenses and permits	2,134,034	2,421,348	2,670,456	249,108
Charges for services	2,243,192	2,455,739	2,373,761	(81,978)
Intergovernmental	5,413,175	5,421,290	5,433,392	12,102
Miscellaneous	2,253,797	2,553,555	2,549,240	(4,315)
Sub-total Non-Tax Revenues	14,121,673	15,033,820	15,239,279	205,459
Other Appropriations:				
Court Technology Funds	130,000	130,000	130,000	-
Previous year encumbrances	-	184,621	184,621	-
Sub-Total Appropriations	130,000	314,621	314,621	-
TOTAL REVENUES	45,304,685	46,505,450	46,728,047	222,597
EXPENDITURES				
City Council	130,378	130,378	123,193	7,185
City Manager	641,381	641,646	637,328	4,318
Communications	360,125	367,928	363,033	4,895
City Secretary	427,800	449,387	407,739	41,648
Legal	314,000	327,679	292,596	35,083
Human Resources	139,776	139,988	130,520	9,468
Finance	690,732	703,248	698,913	4,335
Budget & Research	400,576	375,143	354,072	21,071
Municipal Court	1,447,936	1,462,637	1,420,784	41,853
Planning and Inspections	1,142,820	1,163,194	1,129,531	33,663
Economic Development	330,433	329,371	322,752	6,619
Library	2,146,480	2,158,300	2,102,149	56,151
Neighborhood Services	1,806,011	1,844,295	1,722,233	122,062
Public Works	3,271,770	3,254,269	3,110,625	143,644
Parks & Recreation	2,115,117	2,147,067	2,083,853	63,214
Police	13,582,482	13,553,599	13,473,858	79,741
Emergency Management	1,005,152	1,042,033	976,835	65,198
Fire	11,720,494	12,010,224	11,608,211	402,013
Building Services	836,737	836,737	836,737	-
Non-Departmental	1,098,675	1,575,840	1,368,259	207,581
Sub-Total Departments	43,608,875	44,512,963	43,163,221	1,349,742
Reserves & Other Expenditures				
Reserves	1,076,950	1,369,492	1,369,492	-
Transfers out	407,975	407,975	513,055	(105,080)
Economic development incentives	210,885	215,020	234,630	(19,610)
Sub-Total Reserves and Other	1,695,810	1,992,487	2,117,177	(124,690)
TOTAL EXPENDITURES	45,304,685	46,505,450	45,280,398	1,225,052
Net Increase	$ -	$ -	$ 1,447,649	$ 1,447,649

The notes to the required supplemental information are an integral part of this schedule.

CITY OF NORTH RICHLAND HILLS, TEXAS
Required Supplementary Information (unaudited)
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual
Parks and Recreation Development Corporation Fund
For the Year Ended September 30, 2017

	Original	Final	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Sales tax	$ 4,904,216	$ 4,995,905	$ 4,964,710	$ (31,195)
Interest income	19,378	25,640	35,561	9,921
Youth assn. maintenance fees	55,910	58,918	72,845	13,927
Tennis center revenue	372,350	374,148	362,596	(11,552)
Transfer in from aquatic park fund	83,685	83,685	83,685	-
Park impact fees	70,000	70,000	82,121	12,121
Insurance	-	6,533	8,033	1,500
Other income	51,000	309,536	56,399	(253,137)
Appropriation of fund balance	130,000	1,071,307	1,071,307	-
NRH Centre				
Memberships/drop-in passes	1,491,000	1,375,000	1,347,606	(27,394)
Fitness	398,260	441,000	464,730	23,730
Recreation/sports	272,340	245,980	222,724	(23,256)
Grand hall rental	203,750	231,895	271,875	39,980
Catering & event fees	13,420	17,900	17,536	(364)
Aquatic programs	212,580	227,580	255,350	27,770
Pool rental	5,000	5,000	3,574	(1,426)
Gym rental	3,100	4,000	2,352	(1,648)
Concessions/merchandise	27,000	36,400	17,077	(19,323)
Special events	10,000	10,000	8,289	(1,711)
Other	15,300	20,000	14,754	(5,246)
General fund	487,102	487,102	487,102	-
Total revenues	8,825,391	10,097,529	9,850,226	(247,303)
EXPENDITURES				
Operating				
Park facilities development administration	756,856	773,072	828,882	(55,810)
Parks & public grounds	2,078,873	2,082,439	1,994,481	87,958
Tennis center operations	632,254	641,176	550,292	90,884
Sub-total operating	3,467,983	3,496,687	3,373,655	123,032
NRH Centre				
Center management	731,388	774,631	676,213	98,418
Fitness	394,551	413,551	414,846	(1,295)
Building operations	211,904	249,749	254,584	(4,835)
Aquatic	577,321	577,674	538,999	38,675
Recreation sports	355,033	326,209	279,242	46,967
Event center	352,168	340,953	260,687	80,266
Building services	351,900	351,900	351,900	-
Sub-total NRH Centre	2,974,265	3,034,667	2,776,471	258,196
Other & Reserves				
Debt service - CO's	320,393	320,393	320,393	-
Indirect costs	474,033	476,676	498,988	(22,312)
Non-department	58,437	92,170	165,151	(72,981)
Reserve for capital	1,243,088	2,484,848	2,163,180	321,668
Reserve for economic development	122,605	124,898	124,117	781
Reserve for impact fees	-	-	-	-
Reserve for NRH Centre	164,587	67,190	289,204	(222,014)
Total other & reserves	2,383,143	3,566,175	3,561,033	5,142
Total expenditures	8,825,391	10,097,529	9,711,159	386,370
Net Increase (Decrease)	$ -	$ -	$ 139,067	$ 139,067

The notes to the required supplemental information are an integral part of this schedule.

CITY OF NORTH RICHLAND HILLS, TEXAS
Required Supplementary Information (unaudited)
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual
Gas Development Fund
For the Year Ended September 30, 2017

	Original	Final	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Royalties/overrides				
General fund purposes	$ 203,061	$ 350,000	$ 454,264	$ 104,264
Sub-total royalties / overrides	203,061	350,000	454,264	104,264
Other				
Sales of capital assets	-	-	-	-
Interest income	1,035	2,300	2,563	263
Sub-total other	1,035	2,300	2,563	263
Appropriation of reserves				
General fund purposes	53,100	55,350	55,350	-
Sub-total appropriation of reserves	53,100	55,350	55,350	-
Total revenues	257,196	407,650	512,177	104,527
EXPENDITURES				
Operating				
General government		100,000	70,174	29,826
Sub-total operating expenses	-	100,000	70,174	29,826
Other & Reserves				
Contribution to Reserves	257,196	307,650	-	307,650
Sub-total other & reserves	257,196	307,650	-	307,650
Total expenditures	257,196	407,650	70,174	337,476
Net Increase (Decrease)	$ -	$ -	$ 442,003	$ 442,003

The notes to the required supplemental information are an integral part of this schedule.

CITY OF NORTH RICHLAND HILLS, TEXAS
Notes to Required Supplementary Information
September 30, 2017

A. Budgetary Information

Annual budgets are adopted on a modified cash basis for the following : General, General Debt Service, Promotional, Donations, Special Investigations, Drainage Utility, Parks and Recreation Development, Crime Control District, Gas Development, Traffic Safety, Utility, Aquatic Park, Golf, Facilities and Construction, Fleet Services, Self Insurance, and Information Technology. The General Capital Projects Fund and Grants Fund adopt project-length budgets. The Tax Increment Finance District #2, Tax Increment Finance District #1, Tax Increment Finance Districts - Debt Service, and Sales Tax Revenue Bonds - Debt Service do not have formal adopted budgets.

Prior to September 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted to obtain taxpayer comments. Prior to September 30, the budget is legally enacted through passage of an ordinance.

The appropriated budget is prepared by fund, department, and division. The City Manager is authorized to make inter-departmental and inter-fund transfers during the fiscal year as deemed necessary in order to avoid over-expenditure of particular accounts. After the budget is adopted, the City Manager is not allowed to authorize any expenditure that exceeds total funds in the overall budget without amending the budget through City Council action. There are instances where transfers on the financial statements may not tie directly to the transfers as presented in supplemental information. As a result of management director, city practice, or efforts to more specifically identify transfers by purpose, it is possible for individual transfers to be referenced by another title consistent with how the budget was developed by staff and adopted by Council. During the fiscal year City budget appropriations were increased by $3,699,034.

Legally Adopted Fund	Original	Final	Revision Increase (Decrease)	Explanation
General Fund	$ 45,304,685	$ 46,505,450	$ 1,200,765	Additional expenditures were required for multiple items including the Neighborhood Revitalization program, radio replacements, legal settlements, and additions to reserves. In addition, the increase included prior year encumbrances. The budget revision was funded from an increase in revenue collections from taxes, development fees, fines, and charges for service exceeding original budget estimate.
General Debt Service	$ 11,655,636	$ 11,622,481	$ (33,155)	The decrease in General Debt Service expenditures was directly related to the refunding of debt.
Parks and Recreation	$ 8,825,391	$ 10,097,529	$ 1,272,138	The majority of budgetary increase was for funding the construction phase of the Northfield Park Project and for prior year encumbrances.
Gas Development	$ 257,196	$ 407,650	$ 150,454	The budgetary increase included funding for legal expenses and a contribution to reserves.
Promotional	$ 258,089	$ 258,089	$ -	There was no change from the Original Budget.
Donations	$ 275,033	$ 323,062	$ 48,029	Additional funding was required for one-time expenditures for programs including the Women in Law Enforcement Conference, Water Safety Program, and Spay and Neuter Program. Revenues generated from these programs covered additional funding requirements.
Special Investigations	$ 447,000	$ 308,531	$ (138,469)	Funding requirements were reduced in this fund as revenues and expenditures associated with the 911 Telecom program were shifted into the Grant Fund.
Drainage Utility Fund	$ 1,172,197	$ 1,172,197	$ -	There was no change from the Adopted Budget.
Crime Control District	$ 6,363,357	$ 6,504,812	$ 141,455	The budgetary increase was for prior year encumbrances and a contribution to reserves.
Traffic Safety	$ 1,105,044	$ 1,197,543	$ 92,499	Additional funding was required for one-time traffic safety equipment, funding for one part-time Police Officer and for prior year encumbrances.

Legally Adopted Fund	Original	Final	Revision Increase (Decrease)	Explanation
Utility	$ 34,259,275	$ 34,487,996	$ 228,721	The fund overall saw an increase in the cost to provide services, in major areas including for the purchase of water, wastewater treatment services and credit card processing fees. In addition to the increase in the cost to provide services, the revision included adjustments for prior year encumbrances.
Aquatic Park	$ 5,449,375	$ 5,346,671	$ (102,704)	Funding requirements were reduced in this fund as staff forecasted lower attendance at the park than originally forecasted in the adopted budget. The lower forecast was in large part due to unfavorable weather conditions during critical operating days.
Golf	$ 2,486,459	$ 2,606,977	$ 120,518	The increase was directly attributed to increased activity and additional revenue at the golf course particularly in the area of costs of goods sold in food and beverage. In addition, the revision included a contribution to reserves.
Facilities and Construction	$ 3,123,951	$ 3,157,108	$ 33,157	The budgetary increase was primarily due to prior year encumbrances.
Fleet Services	$ 4,541,264	$ 4,091,478	$ (449,786)	The budgetary decrease was due to the reduction of a planned transfer for a portion of the cost to replace two aerial trucks and one fire truck. The transfer was intended to move cash proceeds received from the auction of the vehicles planned for replacement. However, staff selected to trade-in the replacement vehicles to reduce the purchase cost making the transfer no longer necessary.
Self Insurance	$ 12,898,383	$ 13,935,724	$ 1,037,341	The majority of the increase is due to the rising health care claim trend and the impact of multiple large claims.
Information Technology	$ 3,291,350	$ 3,389,421	$ 98,071	The budgetary increase was due to prior year encumbrances and a contribution to reserves.
Total	$ 141,713,685	$ 145,412,719	$ 3,699,034	

B. General Fund Budget-to-Actual Reconciliation

An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with generally accepted accounting principles follows:

Net increase (decrease) to budgetary unreserved undesignated fund balance	$ 1,447,649
The City budgets "appropriations from fund balance" as a resource/inflow but in GAAP statements it is not a revenue or inflow source for current year revenue recognition	(314,621)
The City budgets specific "Reserves" expenditures as a outflow but in GAAP statements it is not an expenditure: Peg Franchise Fees Reserves.	1,369,492
Increase (decrease) in investment fair value changes and interest unavailable are not considered a resource/inflow for budgetary recognition	(57,457)
Increase (decrease) in miscellaneous revenue are not considered a resource/inflow for budgetary recognition because payment for services will be received in subsequent fiscal year.	(5,683)
Outflows of sources for prepaid expenditures for budgetary purposes are immediately recognized as an outflow upon remittance of payment in budgetary basis. GAAP statements delay expenditure recognition until the period of coverage.	39,979
Special funded projects are appropriated through long range capital improvement budget in which segregated and specific funding is appropriated outside of the operating budget	10,000
Total "Net Change in Fund Balance" from the Statement of Revenues, Expenditures, and Changes in Balances - Governmental Fund -- General Fund	$ 2,489,359

Legally Adopted Fund	Original	Final	Revision Increase (Decrease)	Explanation

C. Parks and Recreation Development Corporation Budget-to-Actual Reconciliation

An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with generally accepted accounting principles follows:

Net increase (decrease) to budgetary fund balance	$ 139,067
The City budgets specific "Reserves" expenditures as a outflow but in GAAP statements it is not an expenditure: Net Operations from Parks Maintenance, Tennis Center, and Recreation Centre for future capital or operational needs	289,204
Increase (decrease) in investment fair value changes and interest unavailable are not considered a resource/inflow for budgetary recognition	(17,377)
Increase (decrease) in miscellaneous revenue are not considered a resource/inflow for budgetary recognition because payment for services will be received in subsequent fiscal year.	(5,527)
Outflows of sources for prepaid expenditures for budgetary purposes are immediately recognized as an outflow upon remittance of payment in budgetary basis. GAAP statements delay expenditure recognition until the period of coverage.	(2,708)
The City budgets "appropriations from fund balance" as a resource/inflow but in GAAP statements it is not a revenue or inflow source for current year revenue recognition	(1,071,307)
Special funded projects expenditures are appropriated through long range capital improvement budget in which segregated and specific funding is appropriated outside of the operating budget	(90,457)
Total "Net Change in Fund Balance" from the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Fund -- Parks and Recreation Development Corporation	$ (759,105)

D. Gas Development Fund Budget-to-Actual Reconciliation

An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with generally accepted accounting principles follows:

Net increase (decrease) to budgetary fund balance	$ 442,003
The City budgets "appropriations from fund balance" as a resource/inflow but in GAAP statements it is not a revenue or inflow source for current year revenue recognition	(55,350)
Increase (decrease) in investment fair value changes and interest unavailable are not considered a resource/inflow for budgetary recognition	(1,506)
Special funded projects inflows/resources are appropriated through long range capital improvement budget in which segregated and specific funding is appropriated outside of the operating budget	(143,927)
Total "Net Change in Fund Balance" from the Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds -- Gas Development Fund	$ 241,220

This page intentionally left blank.

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

The Promotional Fund accounts for the operations and expenditures for which hotel/motel occupancy taxes are used. Occupancy tax revenues are primarily to attract tourist and new businesses to the City.

The Donations Fund holds funds contributed (donated) to the City for special projects earmarked by requests or nonrecurring expenditures. It primarily collects and holds funds that are voluntarily given by the citizens via adding $1.50 to their water utility billing which is then distributed to support the activities of the library and neighborhood services departments.

The Special Investigations Fund is mandated by state statute to account for various legal seizure and forfeiture deposits and expenditures.

The Drainage Utility Fund accounts for the establishment of drainage facilities within the municipal boundaries of the City and the subsequent billing and collection of fees so established.

The Crime Control and Prevention District Fund accounts for the accumulation and use of half-cent sales tax proceeds dedicated for crime prevention and reduction programs.

The Grants Fund is a centralized fund accounting for all private, local, state, and federal grant proceeds.

The Economic Development Fund accounts for the accumulation and expenditure of resources designed to stimulate the local economy through development and redevelopment.

The Traffic Safety Fund accounts for funds collected from various red-light traffic safety cameras. These resources assist with funding of various traffic safety projects.

Tax Increment Financing District #1 is to fund drainage improvements that would alleviate flooding problems, reduce property damage associated with the flooding, and stimulate development for the benefit of citizens within TIF #1.

DEBT SERVICE FUND

The Tax Increment Financing Districts (TIF's) Debt Service Fund is used to accumulate monies for the payment of principal, interest, and related charges on the debts of Districts No. 1 and No. 2.

The Sales Tax Revenue Debt Service Fund is used to accumulate monies for the payment of principal, interest, and related charges on sales tax revenue bonds.

CITY OF NORTH RICHLAND HILLS, TEXAS
Combining Balance Sheet
Non-major Governmental Funds
September 30, 2017

	Special				
	Promotional	Donations	Special Investigations	Drainage Utility	Crime Control District
Assets					
Cash and cash equivalents	$ 174,257	$ 200,018	$ 134,943	$ 544,552	$ -
Investments	403,623	473,818	169,639	315,879	-
Receivables, net of allowance					
Accounts	-	-	-	100,289	-
Other taxes receivable	71,992	-	-	-	840,525
Interest receivable	431	506	181	337	-
Intergovernmental receivables	-	-	6,718	-	-
Prepaid items	1,011	-	2,031	-	4,996
Restricted:	-				
Cash and cash equivalents	-	-	-	-	-
Investments	-	-	-	-	-
Total assets	$ 651,314	$ 674,342	$ 313,512	$ 961,057	$ 845,521
Liabilities					
Accounts payable	-	167	12,048	-	87,593
Retainage payable			-	-	-
Accrued liabilities	4,479	-	-	-	135,115
Intergovernmental payables		-	-	-	-
Deposits and other liabilities	-	4	-	-	-
Total liabilities	4,479	171	12,048	-	222,708
Deferred Inflows of Resources					
Unavailable revenue - grants	$ -	$ -	$ -	$ -	$ -
Total deferred inflows of resources	-	-	-	-	-
Fund Balance					
Nonspendables:					
Prepaids	1,011	-	2,031	-	4,996
Restricted:					
Crime control district	-	-	-	-	617,817
Debt service	-	-	-	-	-
Grants	-	-	-	-	-
Promotional & economic development	643,385	-	-	-	-
Public safety	-	-	296,133	-	-
Capital projects (bond funded)	-	-	-	-	-
Committed:					
Donations	-	674,171	-	-	-
Drainage utility	-	-	-	961,057	-
Assigned:					
Purchases on order	2,439	-	3,300	-	-
Total fund balance	646,835	674,171	301,464	961,057	622,813
Total liabilities, deferred inflows and fund balance	$ 651,314	$ 674,342	$ 313,512	$ 961,057	$ 845,521

Revenue				Debt Service		
Grants	Economic Development	Traffic Safety	Tax Increment Finance District #1	Tax Increment Finance Districts	Sales Tax Revenue Bond	Total Non-major Governmental
$ -	$ 273,009	$ 300,683	$ -	$ -	$ -	$ 1,627,462
23,398	314,262	614,209	-	-	-	2,314,828
-	-	-	-	-	-	100,289
-	-	-	-	-	-	912,517
25	706	656	81	3,937	187	7,047
1,113,311	-	-	-	-	-	1,120,029
-	-	-	-	464	-	8,502
-	166,208	-	974,047	488,447	86,166	1,714,868
-	346,743	-	76,045	3,685,251	175,488	4,283,527
$ 1,136,734	$ 1,100,928	$ 915,548	$ 1,050,173	$ 4,178,099	$ 261,841	$ 12,089,069
1,093,566	-	45,110	133,971	-	-	1,372,455
-	-	-	63,845	-	-	63,845
-	-	9,048	-	-	-	148,642
-	-	141,200	-	-	-	141,200
-	-	-	-	-	-	4
1,093,566	-	195,358	197,816	-	-	1,726,146
$ 10,473	$ -	$ -	$ -	$ -	$ -	10,473
10,473	-	-	-	-	-	10,473
-	-	-	-	464	-	8,502
-	-	-	-	-	-	617,817
-	-	-	-	4,177,635	261,841	4,439,476
21,043	-	-	-	-	-	21,043
-	1,100,928	-	-	-	-	1,744,313
-	-	643,680	-	-	-	939,813
-	-	-	685,149	-	-	685,149
-	-	-	-	-	-	674,171
-	-	-	-	-	-	961,057
11,652	-	76,510	167,208	-	-	261,109
32,695	1,100,928	720,190	852,357	4,178,099	261,841	10,352,450
$ 1,136,734	$ 1,100,928	$ 915,548	$ 1,050,173	$ 4,178,099	$ 261,841	$ 12,089,069

CITY OF NORTH RICHLAND HILLS, TEXAS
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-major Governmental Funds
September 30, 2017

	Special				
	Promotional	Donations	Special Investigations	Drainage Utility	Crime Control District
REVENUES					
Taxes	$ 278,764	$ -	$ -	$ -	$ 4,991,316
Charges for services	-	-	-	883,195	-
Civil citations	-	-	-	-	-
Contributions	-	302,067	-	-	-
Investment income	1,799	2,113	700	1,350	3,149
Intergovernmental	-	-	13,500	-	209,520
Forfeitures	-	-	92,346	-	-
Miscellaneous	-	2	-	-	7,220
Total revenues	280,563	304,182	106,546	884,545	5,211,205
EXPENDITURES					
General government	134,762	35,299	-	496	-
Public safety	-	30,789	168,818	-	5,229,870
Culture and recreation	103,516	151,944	-	-	-
Public works	-	-	-	29,324	-
Capital outlay:					
Public safety	-	-	54,844	-	1,144
Culture and recreation	1,500	350	-	-	-
Public works	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	239,778	218,382	223,662	29,820	5,231,014
Excess (deficiency) of revenues over expenditures	40,785	85,800	(117,116)	854,725	(19,809)
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of assets	-	-	676	-	-
Transfer in	-	-	105,080	-	-
Transfers out	-	(51,400)	(75,000)	(1,068,018)	(1,128,123)
Total other financing sources (uses)	-	(51,400)	30,756	(1,068,018)	(1,128,123)
Net change in fund balance	40,785	34,400	(86,360)	(213,293)	(1,147,932)
Fund balance - beginning of year	606,050	639,771	387,824	1,174,350	1,770,745
Fund balance - end of the year	$ 646,835	$ 674,171	$ 301,464	$ 961,057	$ 622,813

Revenue				Debt Service		
Grants	Economic Development	Traffic Safety	Tax Increment Finance District #1	Tax Increment Finance Districts	Sales Tax Revenue Bonds	Total Non-major Governmental
$ -	$ -	$ -	$ -	$ 4,295,410	$ -	$ 9,565,490
-	-	-	-	-	-	883,195
-	-	1,088,773	-	-	-	1,088,773
-	-	-	-	-	-	302,067
141	2,636	2,110	12,260	5,251	822	32,331
2,452,693	-	-	-	-	-	2,675,713
-	-	-	-	-	-	92,346
-	-	-	-	-	-	7,222
2,452,834	2,636	1,090,883	12,260	4,300,661	822	14,647,137
121,986	-	-	-	-	-	292,543
632,471	-	973,725	-	-	-	7,035,673
10,265	-	-	-	-	-	265,725
-	-	13,767	-	-	-	43,091
191,930	-	2,790	-	-	-	250,708
-	-	-	-	-	-	1,850
1,549,054	-	-	1,342,624	-	-	2,891,678
-	-	-	-	2,385,000	-	2,385,000
-	-	-	-	627,333	-	627,333
2,505,706	-	990,282	1,342,624	3,012,333	-	13,793,601
(52,872)	2,636	100,601	(1,330,364)	1,288,328	822	853,536
-	-	-	-	-	-	676
-	124,118	-	-	-	-	229,198
-	-	-	-	-	-	(2,322,541)
-	124,118	-	-	-	-	(2,092,667)
(52,872)	126,754	100,601	(1,330,364)	1,288,328	822	(1,239,131)
85,567	974,174	619,589	2,182,721	2,889,771	261,019	11,591,581
$ 32,695	$ 1,100,928	$ 720,190	$ 852,357	$ 4,178,099	$ 261,841	$ 10,352,450

CITY OF NORTH RICHLAND HILLS, TEXAS
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Debt Service Fund
Year Ended September 30, 2017

	Original	Final	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Taxes:				
Property taxes (penalties & interest included)	$ 9,674,703	$ 9,674,703	$ 9,674,703	$ -
Sub-total ad valorem taxes	9,674,703	9,674,703	9,674,703	-
Transfers in:				
Drainage utility	447,197	373,018	373,018	-
Parks & recreation facilities development corp.	320,393	320,393	320,393	-
Fleet services fund	448,414	448,414	448,414	-
Facilities services fund	26,193	26,193	26,193	-
Sub-total transfers in	1,242,197	1,168,018	1,168,018	-
Other:				
Bond issuance and premium	-	-	1,754,180	1,754,180
Interest income	10,883	6,500	8,415	1,915
City of Watauga, cip participation	82,853	82,853	82,853	-
Transfer in	645,000	649,121	650,213	1,092
Appropriation of fund balance	-	41,286	41,286	-
Sub-total other	738,736	779,760	2,536,947	1,757,187
Total revenues	11,655,636	11,622,481	13,379,668	1,757,187
EXPENDITURES				
Existing bonds & co's	11,561,900	11,528,745	11,539,266	(10,521)
Issuance costs/paying agent fees	93,736	93,736	93,288	448
Bond defeasance/refunding	-	-	1,682,019	(1,682,019)
Total expenditures	11,655,636	11,622,481	13,314,573	(1,692,092)
Net Increase	$ -	$ -	$ 65,095	$ 65,095

Notes to other supplementary information are an integral part of this schedule.

CITY OF NORTH RICHLAND HILLS, TEXAS
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual
Promotional Fund
Year Ended September 30, 2017

	Original	Final	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Occupancy tax proceeds	$ 255,253	$ 255,253	$ 278,764	$ 23,511
Appropriation of fund balance	-	-	-	-
Interest revenue	2,836	2,836	4,363	1,527
Total revenues	258,089	258,089	283,127	25,038
EXPENDITURES				
Economic development	135,877	137,472	133,195	4,277
Culture & leisure	114,689	114,865	105,016	9,849
Non-departmental	904	639	125	514
Sub-total operating expenses	251,470	252,976	238,336	14,640
Other & Reserves				
Contribution to Reserves	6,619	5,113	-	5,113
Sub-total other & reserves	6,619	5,113	-	5,113
Total expenditures	258,089	258,089	238,336	19,753
Net Increase	$ -	$ -	$ 44,791	$ 44,791

Notes to other supplementary information are an integral part of this schedule.

CITY OF NORTH RICHLAND HILLS, TEXAS
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual
Donations Fund
Year Ended September 30, 2017

	Original	Final	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Contributions				
NRH water bills	$ 57,183	$ 59,080	$ 60,490	$ 1,410
Sub-total contributions	57,183	59,080	60,490	1,410
Donations				
Spay/neuter	15,000	13,800	11,351	(2,449)
Shelter fund	23,500	23,850	39,092	15,242
Duncan	15,000	15,000	15,000	-
Santa cops	5,500	2,631	2,631	-
Sub-total donations	59,000	55,281	68,074	12,793
Proceeds				
Library book sales	6,650	10,700	10,316	(384)
Sub-total proceeds	6,650	10,700	10,316	(384)
Other				
Interest revenue	3,814	4,620	5,241	621
Other income	94,600	139,165	163,189	24,024
Appropriation of fund balance:				
Neighborhood services	4,969	4,969	4,969	-
Library	43,196	43,196	43,196	-
Parks and Recreation	42,375	42,375	42,375	-
Police	4,750	4,750	4,750	-
Sub-total other	193,704	239,075	263,720	24,645
Total revenues	316,537	364,136	402,600	38,464
EXPENDITURES				
Library - book collections	81,225	81,225	80,165	1,060
Neighborhood services				
Animal services	25,310	27,310	22,613	4,697
Keep NRH Beautiful	19,969	19,969	17,217	2,752
Neighborhood Initiative Program	-	-	81	(81)
Municipal court - teen court	5,000	5,000	4,000	1,000
Parks special events and arts	67,000	83,800	62,920	20,880
Police department	39,250	64,358	30,789	33,569
Transfer to capital projects	37,279	-	10,000	(10,000)
Transfer to debt service	-	41,400	41,400	-
Total expenditures	275,033	323,062	269,185	53,877
Net Increase	$ 41,504	$ 41,074	$ 133,415	$ 92,341

Notes to other supplementary information are an integral part of this schedule.

CITY OF NORTH RICHLAND HILLS, TEXAS
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual
Special Investigations Fund
Year Ended September 30, 2017

	Original	Final	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Forfeited funds	$ 111,000	$ 111,000	$ 92,345	$ (18,655)
AFIS reimbursements	13,500	13,500	13,500	-
911 telecom	178,000	-	-	-
Interest income	2,781	2,034	2,056	22
Other income	45,000	39,531	105,756	66,225
Appropriations of fund balance	96,719	142,466	142,466	-
Total revenues	447,000	308,531	356,123	47,592
EXPENDITURES				
Federal forfeited funds	100,000	139,067	93,434	45,633
State forfeited funds	100,000	100,000	42,592	57,408
Local forfeited funds	46,000	46,000	46,255	(255)
AFIS maintenance & equipment	23,000	23,464	87,672	(64,208)
911 telecom	61,000	-	29,700	(29,700)
Reserve for city hall project:				
911 telecom	117,000	-	-	-
Total expenditures	447,000	308,531	299,653	8,878
Net Increase	$ -	$ -	$ 56,470	$ 56,470

Notes to other supplementary information are an integral part of this schedule.

CITY OF NORTH RICHLAND HILLS, TEXAS
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual
Drainage Utility Fund
Year Ended September 30, 2017

	Original	Final	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Drainage fees	$ 861,000	$ 861,000	$ 883,195	$ 22,195
Interest income	5,269	5,269	4,667	(602)
Appropriations of fund balance	305,928	305,928	305,928	-
Total revenues	1,172,197	1,172,197	1,193,790	21,593
EXPENDITURES				
Transfer to debt service	447,197	373,018	373,018	-
Transfer to capital projects	695,000	695,000	695,000	-
Other expenditures	30,000	30,000	29,820	180
Contribution to reserves	-	74,179	-	74,179
Total expenditures	1,172,197	1,172,197	1,097,838	74,359
Net Increase (decrease)	$ -	$ -	$ 95,952	$ 95,952

Notes to other supplementary information are an integral part of this schedule.

CITY OF NORTH RICHLAND HILLS, TEXAS
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual
Crime Control District
Year Ended September 30, 2017

	Original	Final	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Sales tax	$ 4,872,587	$ 4,970,436	$ 4,944,187	$ (26,249)
Franchise tax	87,248	47,129	47,129	-
Interest income	2,472	3,134	4,530	1,396
SRO Reimbursement (BISD)	203,890	209,520	209,520	-
Miscellaneous revenue	-	7,219	7,220	1
Previous year encumbrances	1,197,160	1,267,374	1,267,374	-
Total revenues	6,363,357	6,504,812	6,479,960	(24,852)
EXPENDITURES				
Operating				
Administration	$ 9,500	$ 9,500	$ 10,177	$ (677)
Administrative services	918,572	990,781	1,000,313	(9,532)
Investigations	483,781	485,584	481,350	4,234
Uniform patrol	2,935,565	2,935,933	2,866,630	69,303
Technical services	548,783	550,529	532,098	18,431
Property Evidence	202,338	202,868	197,472	5,396
Communications	-	-	1,128	(1,128)
Sub-total operating	5,098,539	5,175,195	5,089,168	86,027
Other & Reserves				
Partner agency funding	73,100	73,100	61,816	11,284
Other	88,549	82,108	79,920	2,188
Transfer to general fund	27,169	29,812	52,123	(22,311)
Transfer to capital projects	1,076,000	1,144,597	1,076,000	68,597
Total other & reserves	1,264,818	1,329,617	1,269,859	59,758
Total expenditures	6,363,357	6,504,812	6,359,027	145,785
Net increase	$ -	$ -	$ 120,933	$ 120,933

Notes to other supplementary information are an integral part of this schedule.

CITY OF NORTH RICHLAND HILLS, TEXAS
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual
Traffic Safety Fund
Year Ended September 30, 2017

	Original	Final	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Gross fine revenue	$ 1,096,776	$ 1,096,776	$ 1,088,773	$ (8,003)
Interest income	3,046	5,780	6,281	501
Appropriations of fund balance	5,222	94,987	94,987	-
Sub-total	1,105,044	1,197,543	1,190,041	(7,502)
EXPENDITURES				
Contractor payments	612,000	661,230	593,690	67,540
Program administration	288,053	356,659	284,030	72,629
Payment to State	123,745	102,128	141,200	(39,072)
Traffic enforcement	65,000	61,280	9,205	52,075
Pedestrian safety	16,246	16,246	16,147	99
Contribution to reserves	-	-	-	-
Total expenditures	1,105,044	1,197,543	1,044,272	153,271
Net increase	$ -	$ -	$ 145,769	$ 145,769

Notes to other supplementary information are an integral part of this schedule.

INTERNAL SERVICE FUNDS

Facility and Construction Services Fund – To account for building maintenance and repair services provided to numerous departments located at various sites throughout the City. Facility and Construction Services Fund operations are financed by charges to user departments.

Fleet Services Fund – To account for the maintenance, repair service, and replacement of vehicles and equipment provided to numerous departments responsible for the operation of City vehicles and equipment. Fleet Services Fund operations are financed by charges to user departments.

Self-Insurance Fund – To account for the payment of substantially all claims except for fire insurance coverage and employee life insurance coverage. Self-Insurance Fund operations are financed by charges to user departments and employee contributions.

Information Technology Fund – To account for the acquisition, maintenance, and support of computer and telephone hardware and software. Information Technology Fund operations are financed by charges to user departments.

CITY OF NORTH RICHLAND HILLS, TEXAS
Combining Statement of Net Position
Internal Service
Year Ended September 30, 2017

	Facilities and Construction Services	Fleet Services	Self Insurance	Information Technology	Total Internal Service
ASSETS					
Current					
Cash and cash equivalents	$ 708,224	$ 816,956	$ 83,111	$ 696,993	$ 2,305,284
Investments	1,567,694	2,392,488	72,458	1,333,710	5,366,350
Accounts receivable, net of allowance:					
Other	-	2,166	353	15,470	17,989
Interest receivable	1,674	2,556	3,580	1,425	9,235
Prepaid items	14,655	14,034	191,119	145,235	365,043
Inventories, at cost	23,484	114,762	-	-	138,246
Total current assets	2,315,731	3,342,962	350,621	2,192,833	8,202,147
Noncurrent					
Cash and cash equivalents	-	90,947	1,591,811	17,049	1,699,807
Investments	-	-	3,361,644	-	3,361,644
Capital assets, at cost:					
Building and improvements	135,455	-	-	-	135,455
Other improvements	468,568	-	-	602,769	1,071,337
Machinery and equipment	-	7,753,269	17,312	2,160,577	9,931,158
Accumulated depreciation	(429,004)	(5,409,846)	(17,312)	(2,137,157)	(7,993,319)
Net capital assets	175,019	2,343,423	-	626,189	3,144,631
Total noncurrent assets	175,019	2,434,370	4,953,455	643,238	8,206,082
Total assets	2,490,750	5,777,332	5,304,076	2,836,071	16,408,229
DEFERRED OUTFLOWS OF RESOURCES					
Pension contributions after measurement date	76,067	88,408	48,718	89,202	302,395
Difference in projected and actual earnings on pension plan investments	176,761	157,699	89,678	203,811	627,949
Total deferred outflows of resources	252,828	246,107	138,396	293,013	930,344
LIABILITIES					
Current					
Accounts payable and accrued expenses	212,977	160,413	1,627,230	77,967	2,078,587
Other current liabilities	277	40	13,858	31	14,206
Compensated absences	11,035	9,694	8,793	15,846	45,368
Total current liabilities	224,289	170,147	1,649,881	93,844	2,138,161
Noncurrent					
Compensated absences	58,496	53,689	58,869	87,525	258,579
Other post employment benefits obligation	285,649	297,338	169,717	331,821	1,084,525
Net pension liability	582,196	628,403	351,030	683,780	2,245,409
Total noncurrent liabilities	926,341	979,430	579,616	1,103,126	3,588,513
Total liabilities	1,150,630	1,149,577	2,229,497	1,196,970	5,726,674
DEFERRED INFLOWS OF RESOURCES					
Difference in expected and actual experience - pension	65,680	60,558	33,325	75,941	235,504
Difference in assumption changes - pension	5,364	4,730	2,764	6,316	19,174
Total deferred outflows of resources	71,044	65,288	36,089	82,257	254,678
NET POSITION					
Net investment in capital assets	175,019	2,343,423	-	626,189	3,144,631
Unrestricted	1,346,885	2,465,151	3,176,886	1,223,668	8,212,590
Total net position	$ 1,521,904	$ 4,808,574	$ 3,176,886	$ 1,849,857	$ 11,357,221

CITY OF NORTH RICHLAND HILLS, TEXAS
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service
Year Ended September 30, 2017

	Facilities and Construction Services	Fleet Services	Self Insurance	Information Technology	Total Internal Service
OPERATING REVENUES					
Internal service revenues					
Risk management	$ -	$ -	$ 10,158,639	$ -	$ 10,158,639
Facilities and fleet management	3,011,566	4,000,645	-	-	7,012,211
Information systems management	-	-	-	2,964,816	2,964,816
Miscellaneous revenues	71,592	11,505	4,131	155,325	242,553
Total operating revenues	3,083,158	4,012,150	10,162,770	3,120,141	20,378,219
OPERATING EXPENSES					
Claims	-	-	10,078,298	-	10,078,298
Contractual services	1,164,428	142,698	418,408	446,171	2,171,705
Personnel services	1,095,305	967,878	555,144	1,256,243	3,874,570
Repairs and maintenance	383,520	187,072	-	1,236,261	1,806,853
Supplies	61,086	713,391	4,603	170,551	949,631
Depreciation	36,153	639,866	-	137,934	813,953
Total operating expenses	2,740,492	2,650,905	11,056,453	3,247,160	19,695,010
Operating income (loss)	342,666	1,361,245	(893,683)	(127,019)	683,209
NONOPERATING REVENUES (EXPENSES)					
Investment income	6,211	9,098	16,090	5,356	36,755
Other income	-	-	133,653	-	133,653
Gain (loss) on disposal of assets	-	(2,918)	-	1,398	(1,520)
Total nonoperating revenues (expenses)	6,211	6,180	149,743	6,754	168,888
Income (loss) before transfers	348,877	1,367,425	(743,940)	(120,265)	852,097
TRANSFERS					
Transfers in	-	-	-	252,975	252,975
Transfers out	(146,993)	(1,297,414)	-	(156,000)	(1,600,407)
Total transfers - net	(146,993)	(1,297,414)	-	96,975	(1,347,432)
Change in net position	201,884	70,011	(743,940)	(23,290)	(495,335)
Net position - beginning of year	1,320,020	4,738,563	3,920,826	1,873,147	11,852,556
Net position - end of year	$ 1,521,904	$ 4,808,574	$ 3,176,886	$ 1,849,857	$ 11,357,221

CITY OF NORTH RICHLAND HILLS, TEXAS
Combining Statement of Cash Flows
Internal Service Funds
Year Ended September 30, 2017

	Facilities and Construction Services	Fleet Services	Self Insurance	Information Technology	Totals
Cash flows from operating activities:					
Receipts from interfund services provided	$ 3,011,566	$ 4,000,645	$ 10,158,639	$ 2,964,816	$ 20,135,666
Other operating revenue	71,592	30,892	4,398	176,409	283,291
Payments to suppliers	(1,590,377)	(1,057,283)	(10,319,898)	(1,860,073)	(14,827,631)
Payments to employees	(1,013,618)	(893,589)	(497,974)	(1,164,252)	(3,569,433)
Net cash provided by (used for) operating activities	479,163	2,080,665	(654,835)	116,900	2,021,893
Cash flows from noncapital financing activities:					
Transfers from other funds	-	-	-	252,975	252,975
Transfers to other funds	(146,993)	(1,297,414)	-	(156,000)	(1,600,407)
Net cash provided by (used for) noncapital and related financing activities	(146,993)	(1,297,414)	-	96,975	(1,347,432)
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(24,272)	(63,127)	-	(97,692)	(185,091)
Insurance recovery proceeds	-	-	133,653	-	133,653
Proceeds from sale of capital assets	-	(2,918)	-	99,090	96,172
Net cash provided by (used for) capital and related financing activities	(24,272)	(66,045)	133,653	1,398	44,734
Cash flows from investing activities:					
Purchase of investments	(953,809)	(1,568,859)	(1,707,675)	(778,656)	(5,008,999)
Proceeds from the sale of investments	804,480	1,079,344	2,262,600	727,384	4,873,808
Interest and dividends received	5,790	8,223	15,956	5,064	35,033
Net cash provided by (used for) investing activities	(143,539)	(481,292)	570,881	(46,208)	(100,158)
Net increase in cash and cash equivalents	164,359	235,914	49,699	169,065	619,037
Cash and cash equivalents beginning of year	543,865	671,989	1,625,223	544,977	3,386,054
Cash and cash equivalents end of year	$ 708,224	$ 907,903	$ 1,674,922	$ 714,042	$ 4,005,091
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	$ 342,666	$ 1,361,245	$ (893,683)	$ (127,019)	$ 683,209
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation expense	36,153	639,866	-	137,934	813,953
Other income (expense)	2	1	(400)	31	(366)
(Increase) decrease in accounts receivable	-	19,387	267	21,084	40,738
(Increase) decrease in inventories	1,064	(16,991)	-	-	(15,927)
(Increase) decrease in prepaid items	(12,611)	4,709	(7,461)	(6,139)	(21,502)
Increase (decrease) in compensating absences	393	4,986	7,136	(1,588)	10,927
Increase (decrease) in other post employment benefits	39,062	26,935	29,545	41,221	136,763
Increase (decrease) in net pension liability	41,384	38,235	22,267	51,954	153,840
Increase (decrease) in unearned revenues	-	-	-	-	-
Increase (decrease) in accounts payable	30,202	(1,841)	189,272	(982)	216,651
Increase (decrease) in accrued liabilities	848	4,133	(1,778)	404	3,607
Total adjustments	136,497	719,420	238,848	243,919	1,338,684
Net cash provided by (used for) operating activities	$ 479,163	$ 2,080,665	$ (654,835)	$ 116,900	$ 2,021,893

CITY OF NORTH RICHLAND HILLS, TEXAS
Notes to Other Supplementary Information
September 30, 2017

A. General Debt Service Fund Budget-to-Actual Reconciliation

An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with generally accepted accounting principles follows:

Net increase (decrease) to budgetary fund balance	$	65,095
The City budgets "Appropriations of Fund Balances" revenues as a inflow of resources but for GAAP purposes these inflows were recognized in prior periods.		(41,286)
Increase (decrease) in investment fair value changes and interest unavailable are not considered a resource/inflow for budgetary recognition		(3,812)
Total "Net Change in Fund Balance" from the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Fund -- General Debt Service	$	19,997

B. Promotional Fund Budget-to-Actual Reconciliation

An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with generally accepted accounting principles follows:

Net increase (decrease) to budgetary fund balance	$	44,791
Increase (decrease) in investment fair value changes and interest unavailable are not considered a resource/inflow for budgetary recognition		(2,564)
Outflows of sources for prepaid expenditures for budgetary purposes are immediately recognized as an outflow upon remittance of payment in budgetary basis. GAAP statements delay expenditure recognition until the period of coverage.		(1,442)
Total "Net Change in Fund Balance" from the Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Non-Major Governmental Funds -- Promotional Fund	$	40,785

C. Donations Fund Budget-to-Actual Reconciliation

An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with generally accepted accounting principles follows:

Net increase (decrease) to budgetary fund balance	$	133,415
The City budgets "appropriations from fund balance" as a resource/inflow but in GAAP statements it is not a revenue or inflow source for current year revenue recognition		(95,290)
Increase (decrease) in investment fair value changes and interest unavailable are not considered a resource/inflow for budgetary recognition		(3,128)
Outflows of sources for prepaid expenditures for budgetary purposes are immediately recognized as an outflow upon remittance of payment in budgetary basis. GAAP statements delay expenditure recognition until the period of coverage.		(597)
Total "Net Change in Fund Balance" from the Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Non-Major Governmental Funds -- Donations Fund	$	34,400

D. Special Investigation Fund Budget-to-Actual Reconciliation

An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with generally accepted accounting principles follows:

Net increase (decrease) to budgetary fund balance	$	56,470
The City budgets "appropriations from fund balance" as a resource/inflow but in GAAP statements it is not a revenue or inflow source for current year revenue recognition		(142,466)
Increase (decrease) in investment fair value changes and interest unavailable are not considered a resource/inflow for budgetary recognition		(1,355)
Outflows of sources for prepaid expenditures for budgetary purposes are immediately recognized as an outflow upon remittance of payment in budgetary basis. GAAP statements delay expenditure recognition until the period of coverage.		991
Total "Net Change in Fund Balance" from the Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Non-Major Governmental Funds -- Special Investigation Fund	$	(86,360)

E. Drainage Utility Fund Budget-to-Actual Reconciliation

An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with generally accepted accounting principles follows:

Net increase (decrease) to budgetary fund balance	$	95,952
The City budgets "appropriations from fund balance" as a resource/inflow but in GAAP statements it is not a revenue or inflow source for current year revenue recognition		(305,928)
Increase (decrease) in investment fair value changes and interest unavailable are not considered a resource/inflow for budgetary recognition		(3,317)
Total "Net Change in Fund Balance" from the Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Non-Major Governmental Funds -- Drainage Utility Fund	$	(213,293)

F. Crime Control District Fund Budget-to-Actual Reconciliation

An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with generally accepted accounting principles follows:

Net increase (decrease) to budgetary fund balance	$	120,933
The City budgets "appropriations from fund balance" (prior year encumbrance) as a resource/inflow but in GAAP statements it is not a revenue or inflow source for current year revenue recognition		(1,267,374)
Increase (decrease) in investment fair value changes and interest unavailable are not considered a resource/inflow for budgetary recognition		(1,381)
Outflows of sources for prepaid expenditures for budgetary purposes are immediately recognized as an outflow upon remittance of payment in budgetary basis. GAAP statements delay expenditure recognition until the period of coverage.		(110)
Total "Net Change in Fund Balance" from the Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Non-Major Governmental Funds -- Crime Control District Fund	$	(1,147,932)

G. Traffic Safety Fund Budget-to-Actual Reconciliation

An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with generally accepted accounting principles follows:

Net increase (decrease) to budgetary fund balance	$	145,769
The City budgets "appropriations from fund balance" as a resource/inflow but in GAAP statements it is not a revenue or inflow source for current year revenue recognition		(94,987)
Increase (decrease) in investment fair value changes and interest unavailable are not considered a resource/inflow for budgetary recognition		(4,171)
Special funded projects are appropriated through long range capital improvement budget in which segregated and specific funding is appropriated outside of the operating budget		53,990
Total "Net Change in Fund Balance" from the Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Non-Major Governmental Funds -- Traffic Safety Fund	$	100,601

H. Utility Fund Budget-to-Actual Reconciliation

An explanation of the differences between budgetary inflows and outflows and revenues and expenses determined in accordance with generally accepted accounting principles follows:

Net increase (decrease) to budgetary net position	$	1,244,078
Depreciation expense is a "GAAP" recognized expense and does not represent an actual outflow of resources in the budgetary appropriations.		(3,394,817)
Certain expenses representing long term liability and the related expense recognition in "GAAP" is not recognized as an actual outflow until resources are disbursed for the activity: Other Post Employment Benefits, Net Pension Liability, and Compensating Balances.		(407,114)

The City budgets "appropriations from fund balance" as a resource/inflow but in GAAP statements it is not a revenue or inflow source for current year revenue recognition	(2,693,660)
Certain expenses related to construction are included in the GAAP Statement and are not reported in the budgetary basis schedule.	1,239,434
Increase (decrease) in investment fair value changes are not considered a resource/inflow for budgetary recognition	(25,027)
Gain (loss) on disposal of assets represents "GAAP" non-cash transactions and are not reported in the budgetary basis schedule.	(2,672)
Outflows of resources for prepaid expenses for budgetary purposes are immediately recognized as an outflow upon remittance of payment in budgetary basis. GAAP statements delay expense recognition until the period of coverage.	(2,383)
Outflows of resources for capital expenses for budgetary purposes are immediately recognized as an outflow upon remittance of payment for budgetary purposes. GAAP Statements delay expense recognization until the period of coverage through assessing depreciation.	1,644,278
Outflows of resources that represent debt service payments and related amortized costs for budgetary purposes are recognized as expense in budget basis statements	854,234
Inflows of resources that represent accrued revenue and not cash receipts are not recognized as revenues in the budget basis statements.	491,407
Special funded projects are appropriated through long range capital improvement budget in which segregated and specific funding is appropriated outside of the operating budget	(2,661,169)
Total "Net Change in Net Position from the Statement of Revenues, Expenses, and Changes in Net Position -- Proprietary Funds -- Utility Fund	$ (3,713,411)

I. Aquatic Park Fund Budget-to-Actual Reconciliation

An explanation of the differences between budgetary inflows and outflows and revenues and expenses determined in accordance with generally accepted accounting principles follows:

Net increase (decrease) to budgetary net position	$ (722,469)
The City budgets "appropriations from fund balance" as a resource/inflow but in GAAP statements it is not a revenue or inflow source for current year revenue recognition	(531,000)
Depreciation expense is a "GAAP" recognized expense and does not represent an actual outflow of resources in the budgetary appropriations.	(874,840)
Certain expenses representing long term liability and the related expense recognition in "GAAP" is not recognized as an actual outflow until resources are disbursed for the activity: Other Post Employment Benefits, Net Pension Liability, and Compensating Balances.	(67,360)
Outflows of resources for prepaid expenses for budgetary purposes are immediately recognized as an outflow upon remittance of payment in budgetary basis. GAAP statements delay expense recognition until the period of coverage.	26,806
Outflows of resources that represent debt service principal payments for budgetary purposes are recognized as expense in budget basis statements	703,197
The City budgets "indirect costs" as an outflow but in GAAP statements it is not an expenditure or outflow source for current year expenditures	335,000
Outflows of resources for prepaid expenses for budgetary purposes are immediately recognized as an outflow upon remittance of payment in budgetary basis. GAAP statements delay expense recognition until the period of coverage	3,032
Special funded projects are appropriated through long range capital improvement budget in which segregated and specific funding is appropriated outside of the operating budget	145,257
Total "Net Change in Net Position from the Statement of Revenues, Expenses, and Changes in Net Position -- Proprietary Funds -- Aquatic Park	$ (987,955)

J. Golf Fund Budget-to-Actual Reconciliation

An explanation of the differences between budgetary inflows and outflows and revenues and expenses determined in accordance with generally accepted accounting principles follows:

Net increase (decrease) to budgetary net position	$	(74,721)
Depreciation expense is a "GAAP" recognized expense and does not represent an actual outflow of resources in the budgetary appropriations.		(347,142)
Outflows for advances given to other funds are not recognized as expense in GAAP statements; only recognized as reduction of an liability on statement of net position and not a transfer out		(195,763)
Certain revenue inflows are immediately recognized as reserves for certain future Capital Improvement Project and those inflows are appropriated when the project expense is adopted by City Council.		
Increase (decrease) in investment fair value changes are not considered a resource/inflow for budgetary recognition		(1,111)
Outflows of resources representing expenses of prior year adjustment are recognized for budgetary purposes as reduction in reserves prior transferred. This amount represents audit adjustments that effect a prior period and prior budgetary period.		129,582
Outflows of resources that represent debt service principal payments for budgetary purposes are recognized as expense in budget basis statements		380,909
Special funded projects are appropriated through long range capital improvement budget in which segregated and specific funding is appropriated outside of the operating budget		
Total "Net Change in Net Position from the Statement of Revenues, Expenses, and Changes in Net Position -- Proprietary Funds -- Golf Fund	$	(108,246)

K. Facilities and Construction Fund Budget-to-Actual Reconciliation

An explanation of the differences between budgetary inflows and outflows and revenues and expenses determined in accordance with generally accepted accounting principles follows:

Net increase (decrease) to budgetary net position	$	335,435
Depreciation expense is a "GAAP" recognized expense and does not represent an actual outflow of resources in the budgetary appropriations.		(36,153)
Certain expenses representing long term liability and the related expense recognition in "GAAP" is not recognized as an actual outflow until resources are disbursed for the activity: Other Post Employment Benefits, Net Pension Liability, and Compensating Balances.		(80,839)
Outflows of resources for prepaid expenses for budgetary purposes are immediately recognized as an outflow upon remittance of payment in budgetary basis. GAAP statements delay expense recognition until the period of coverage.		(982)
Increase (decrease) in investment fair value changes are not considered a resource/inflow for budgetary recognition.		(9,810)
The City budgets "appropriations from fund balance" as a resource/inflow but in GAAP statements it is not a revenue or inflow source for current year revenue recognition.		(60,440)
Special funded projects are appropriated through long range capital improvement budget in which segregated and specific funding is appropriated outside of the operating budget.		54,673
Total "Net Change in Net Position from the Combining Statement of Revenues, Expenses, and Changes in Net Position -- Internal Service Funds -- Facilities and Construction Fund	$	201,884

L. Fleet Services Fund Budget-to-Actual Reconciliation

An explanation of the differences between budgetary inflows and outflows and revenues and expenses determined in accordance with generally accepted accounting principles follows:

Net increase (decrease) to budgetary net position	$	757,241
Depreciation expense is a "GAAP" recognized expense and does not represent an actual outflow of resources in the budgetary appropriations.		(639,866)
Certain expenses representing long term liability and the related expense recognition in "GAAP" is not recognized as an actual outflow until resources are disbursed for the activity: Other Post Employment Benefits, Net Pension Liability, and Compensating Balances.		(70,157)

Increase (decrease) in investment fair value changes are not considered a resource/inflo for budgetary recognition	(14,207)
Gain (loss) on disposal of assets represents "GAAP" non-cash transactions and are not reported in the budgetary basis schedule	(21,418)
The City budgets "appropriations from fund balance" as a resource/inflow but in GAAP statements it is not a revenue or inflow source for current year revenue recognition	(41,565)
Resources obtained for special funded projects are appropriated through long range capital improvement budget in which separate from the operating budget	63,126
Outflows of resources for prepaid expenses for budgetary purposes are immediately recognized as an outflow upon remittance of payment in budgetary basis. GAAP statements delay expense recognition until the period of coverage	(4,708)
Total "Net Change in Net Position from the Combining Statement of Revenues, Expenses, and Changes in Net Position -- Internal Service Funds -- Fleet Fund	$ 28,446

M. Self Insurance Fund Budget-to-Actual Reconciliation

An explanation of the	
Net increase (decrease) to budgetary net position	$ 318,454
Certain expenses representing long term liability and the related expense recognition in "GAAP" is not recognized as an actual outflow until resources are disbursed for the activity: Other Post Employment Benefits, Net Pension Liability, and Compensating Balances.	(58,949)
Increase (decrease) in investment fair value changes are not considered a resource/inflow for budgetary recognition	(23,565)
The City budgets "appropriations from fund balance" as a resource/inflow but in GAAP statements it is not a revenue or inflow source for current year revenue recognition	(987,341)
Outflows of resources for prepaid expenses for budgetary purposes are immediately recognized as an outflow upon remittance of payment in budgetary basis. GAAP statements delay expense recognition until the period of coverage	7,461
Total "Net Change in Net Position from the Combining Statement of Revenues, Expenses, and Changes in Net Position -- Internal Service Funds -- Self Insurance Fund	$ (743,940)

N. Information Technology Fund Budget-to-Actual Reconciliation

An explanation of the differences between budgetary inflows and outflows and revenues and expenses determined in accordance with generally accepted accounting principles follows:

Net increase (decrease) to budgetary net position	$ 219,367
Depreciation expense is a "GAAP" recognized expense and does not represent an actual outflow of resources in the budgetary appropriations.	(137,934)
Pension Liability, and Compensating Balances.	(91,589)
Increase (decrease) in investment fair value changes are not considered a resource/inflow for budgetary recognition	(8,567)
Gain (loss) on disposal of assets represents "GAAP" non-cash transactions and are not reported in the budgetary basis schedule	(1,207)
Outflows of resources for prepaid expenses for budgetary purposes are immediately recognized as an outflow upon remittance of payment in budgetary basis. GAAP statements delay expense recognition until the period of coverage	11,957
The City budgets "appropriations from fund balance" as a resource/inflow but in GAAP statements it is not a revenue or inflow source for current year revenue recognition	(15,000)
Special funded projects are appropriated through long range capital improvement budget in which segregated and specific funding is appropriated outside of the operating budget	(317)
Total "Net Change in Net Position from the Combining Statement of Revenues, Expenses, and Changes in Net Position -- Internal Service Funds -- Information Systems Fund	$ (23,290)

This page intentionally left blank.

PROPRIETARY FUNDS OTHER SUPPLEMENTARY INFORMATION

CITY OF NORTH RICHLAND HILLS, TEXAS
Schedule of Revenues, Expenses and Changes in Net Position - Budget (Non-GAAP Basis) and Actual
Utility Fund
Year Ended September 30, 2017

	Original	Final	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Water sales and charges				
Water sales	$ 20,550,893	$ 19,826,818	$ 19,408,784	$ (418,034)
Water taps	32,070	39,000	41,715	2,715
Water inspection fees	27,120	27,455	73,395	45,940
Sub-total	20,610,083	19,893,273	19,523,894	(369,379)
Sewer sales and charges				
Sewer sales	11,001,674	11,001,674	10,611,314	(390,360)
Sewer taps	9,900	9,900	12,800	2,900
Sewer inspection fees	25,300	24,000	43,071	19,071
Sub-total	11,036,874	11,035,574	10,667,185	(368,389)
Miscellaneous				
Interest income	72,464	78,309	89,925	11,616
Service charges	153,180	153,930	152,581	(1,349)
Late charges	456,918	421,822	410,157	(11,665)
Miscellaneous	36,542	37,472	590,440	552,968
Joint use reimbursement - Watauga	94,700	104,048	112,583	8,535
Subdivision meter revenue	45,710	53,565	58,365	4,800
Interfund Loan Repayments	-	16,343	48,003	31,660
Sub-total	859,514	865,489	1,462,054	596,565
Appropriation of fund balance				
Previous year encumbrances	1,752,804	2,693,660	2,693,660	-
Sub-total	1,752,804	2,693,660	2,693,660	-
Total revenues	$ 34,259,275	$ 34,487,996	$ 34,346,793	$ (141,203)
EXPENSES				
Operating				
Administration	$ 321,057	$ 322,195	$ 315,392	$ 6,803
Development	882,243	884,192	840,824	43,368
Right of way maintenance	233,754	233,754	114,776	118,978
Sub-total	1,437,054	1,440,141	1,270,992	169,149
Water Services				
Water operations	4,777,957	4,794,953	4,521,124	273,829
Purchase of water FTW	4,957,292	5,305,876	3,608,262	1,697,614
Purchase of water TRA	5,328,960	5,013,600	6,108,256	(1,094,656)
Sub-total	15,064,209	15,114,429	14,237,642	876,787
Sewer Services				
Sewer operations	1,431,799	1,434,536	1,323,464	111,072
Sewer treatment FTW	1,431,223	1,453,574	1,168,452	285,122
Sewer treatment TRA	3,955,418	4,040,531	4,323,559	(283,028)
Sub-total	6,818,440	6,928,641	6,815,475	113,166

CITY OF NORTH RICHLAND HILLS, TEXAS
Schedule of Revenues, Expenses and Changes in Net Position - Budget (Non-GAAP Basis) and Actual
Utility Fund
Year Ended September 30, 2017

	Original	Final	Actual	Variance with Final Budget - Positive (Negative)
Finance/Utility Collections				
Meter reading	503,697	504,404	477,799	26,605
Utility billing / customer service	869,621	944,031	925,364	18,667
Utility collection services	290,015	290,545	263,305	27,240
Accounting services	405,571	423,753	372,187	51,566
Budget & research	219,546	201,584	172,402	29,182
Sub-total	2,288,450	2,364,317	2,211,057	153,260
Building services	1,822,929	1,822,929	1,822,929	-
Non-departmental	283,355	283,883	201,994	81,889
Sub-total Departments	$ 27,714,437	$ 27,954,340	$ 26,560,089	$ 1,394,251
OTHER & RESERVES				
Debt service	$ 1,128,595	$ 1,148,596	$ 1,128,567	$ 20,029
Franchise fee	945,688	914,505	895,441	19,064
Indirect costs	2,304,572	2,304,572	2,304,572	-
Payment in lieu of taxes	390,983	390,983	390,983	-
Transfer from utility cip reserve to information		-		-
services fund	175,000	175,000	175,000	-
Transfer to general fund	-	-	448,063	(448,063)
Reserve for capital	1,600,000	1,600,000	1,200,000	400,000
Total other & reserves	$ 6,544,838	$ 6,533,656	$ 6,542,626	$ (8,970)
Total expenses	$ 34,259,275	$ 34,487,996	$ 33,102,715	$ 1,385,281
Balance	$ -	$ -	$ 1,244,078	$ 1,244,078

CITY OF NORTH RICHLAND HILLS, TEXAS
Schedule of Revenues, Expenses and Changes in Net Position - Budget (Non-GAAP Basis) and Actual
Aquatic Park
Year Ended September 30, 2017

	Original	Final	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Operating				
Admissions	$ 3,442,500	$ 3,436,850	$ 3,027,498	$ (409,352)
Advanced & group sales	-	-	(48,775)	(48,775)
Food and beverage	1,009,352	979,570	834,519	(145,051)
Merchandise	157,836	151,900	144,398	(7,502)
Rentals	249,787	183,787	126,093	(57,694)
Aquatic classes / special events	-	-	5,568	5,568
Sub-total	4,859,475	4,752,107	4,089,301	(662,806)
Other revenues				
Interest income	8,900	12,600	11,134	(1,466)
Bond Refunding Proceeds	-	-	198,864	198,864
Other	50,000	50,964	31,113	(19,851)
Sub-total	58,900	63,564	241,111	177,547
Sub-total revenues	4,918,375	4,815,671	4,330,412	(485,259)
Appropriation of fund balance				
Appropriation of fund balance	531,000	531,000	531,000	-
Sub-total	531,000	531,000	531,000	-
Total revenues	$ 5,449,375	$ 5,346,671	$ 4,861,412	$ (485,259)
EXPENSES				
Operating				
General services & utilities	$ 918,666	$ 853,973	$ 913,210	$ (59,237)
Public grounds / aquatics / maintenance	1,237,395	1,219,953	1,380,100	(160,147)
Business & office administration	598,421	595,984	585,200	10,784
Gift shop / concessions	611,490	625,530	631,851	(6,321)
Sales / special events / admissions	280,256	266,842	261,376	5,466
Sub-total	3,646,228	3,562,282	3,771,737	(209,455)
OTHER & RESERVES				
Debt service	$ 956,140	$ 953,108	$ 954,205	$ (1,097)
Bond Refunding	-	-	201,896	(201,896)
Interfund transfer for capital projects	531,000	531,000	335,000	196,000
Transfer out - PARD	83,685	83,685	83,685	-
Transfer out - General Fund	166,631	166,631	166,631	-
Reserve for:				
Infrastructure & major repairs	18,025	4,415	-	4,415
Non-departmental	47,666	45,550	70,727	(25,177)
Total other & reserves	$ 1,803,147	$ 1,784,389	$ 1,812,144	$ (27,755)
Total expenses	$ 5,449,375	$ 5,346,671	$ 5,583,881	$ (237,210)
Balance	$ -	$ -	$ (722,469)	$ (722,469)

CITY OF NORTH RICHLAND HILLS, TEXAS
Schedule of Revenues, Expenses and Changes in Net Position - Budget (Non-GAAP Basis) and Actual
Golf
Year Ended September 30, 2017

	Original	Final	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Green fees	$ 1,006,024	$ 1,008,000	$ 951,730	$ (56,270)
Pro shop	353,090	394,586	403,867	9,281
Driving range	85,000	87,000	79,132	(7,868)
Carts	391,436	409,187	409,075	(112)
Food & beverage	650,000	692,566	714,299	21,733
General & administrative	-	1,200	126	(1,074)
Other revenues	909	14,438	129,514	115,076
Total revenues	2,486,459	2,606,977	2,687,743	80,766
EXPENSES				
Operating				
Pro shop	$ 162,461	$ 160,837	$ 136,669	$ 24,168
Pro shop: cost of goods sold	139,750	153,000	191,202	(38,202)
Driving range	11,200	11,200	8,150	3,050
Golf carts	223,866	218,671	214,717	3,954
Course maintenance	586,385	586,385	590,173	(3,788)
Food & beverage	252,346	275,703	340,789	(65,086)
Food & beverage: cost of goods sold	201,500	201,500	226,256	(24,756)
Sales & membership	54,370	57,030	36,415	20,615
General & administrative	229,143	229,143	312,998	(83,855)
Clubhouse	121,144	121,144	118,783	2,361
Management fees	109,698	112,399	144,714	(32,315)
Capital	130,707	130,707	129,405	1,302
Sub-total	2,222,570	2,257,719	2,450,271	(192,552)
OTHER & RESERVES				
Debt service	$ 116,125	$ 116,350	$ 116,430	$ (80)
Payment to interdepartmental loans:				
Water Fund	-	-	48,003	(48,003)
General fund	147,764	147,764	147,760	4
Reserve for Equipment/CIP	-	85,144	-	85,144
Total other & reserves	$ 263,889	$ 349,258	$ 312,193	$ 37,065
Total expenses	$ 2,486,459	$ 2,606,977	$ 2,762,464	$ (155,487)
Balance	$ -	$ -	$ (74,721)	$ (74,721)

CITY OF NORTH RICHLAND HILLS, TEXAS
Schedule of Revenues, Expenses and Changes in Net Position - Budget (Non-GAAP Basis) and Actual
Facilities and Construction
Year Ended September 30, 2017

	Original	Final	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Charges for service				
Transfer from:				
General fund	$ 836,737	$ 836,737	$ 836,737	$ -
Parks development fund	351,900	351,900	351,900	-
Utility Fund	1,822,929	1,822,929	1,822,929	-
Sub-total	3,011,566	3,011,566	3,011,566	-
Other revenues				
Interest income	11,446	13,102	16,021	2,919
Rent from rental properties	72,000	72,000	71,492	(508)
Other income	-	-	100	100
Sub-total	83,446	85,102	87,613	2,511
Sub-total revenues	3,095,012	3,096,668	3,099,179	2,511
Appropriation of fund balance				
Building services fund reserves	28,939	60,440	60,440	-
Sub-total	28,939	60,440	60,440	-
Total revenues	$ 3,123,951	$ 3,157,108	$ 3,159,619	$ 2,511
EXPENSES				
General services	$ 332,468	$ 333,351	$ 330,864	$ 2,487
Building services	2,577,848	2,611,468	2,308,154	303,314
Rental property program	46,120	46,120	25,220	20,900
Transfer to capital budget	120,800	120,800	120,800	-
Sub-total	3,077,236	3,111,739	2,785,038	326,701
OTHER & RESERVES				
Transfer to debt service	$ 26,193	$ 26,193	$ 26,193	$ -
Other	20,522	17,520	12,953	4,567
Reserve for rental property	-	1,656	-	1,656
Total other & reserves	$ 46,715	$ 45,369	$ 39,146	$ 6,223
Total expenses	$ 3,123,951	$ 3,157,108	$ 2,824,184	$ 332,924
Balance	$ -	$ -	$ 335,435	$ 335,435

CITY OF NORTH RICHLAND HILLS, TEXAS
Schedule of Revenues, Expenses and Changes in Net Position - Budget (Non-GAAP Basis) and Actual
Fleet Services
Year Ended September 30, 2017

	Original	Final	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Charges for service				
Transfer from:				
General fund	$ 1,389,677	$ 1,389,677	$ 1,389,677	$ -
Utility fund	1,967,647	1,967,647	1,967,647	-
Utility CIP / utility customers	288,678	288,678	288,678	-
Crime control district	170,426	170,426	170,426	-
Parks development fund	143,939	143,939	143,939	-
Other funds	40,278	40,278	40,278	-
Sub-total	4,000,645	4,000,645	4,000,645	-
Other revenues				
Interest income	14,551	17,608	23,305	5,697
Sale of city property	519,408	25,000	18,500	(6,500)
Other income	6,660	6,660	11,505	4,845
Sub-total	540,619	49,268	53,310	4,042
Sub-total revenues	4,541,264	4,049,913	4,053,955	4,042
Appropriation of fund balance				
Equipment service fund reserves	-	41,565	41,565	-
Sub-total	-	41,565	41,565	-
Total revenues	$ 4,541,264	$ 4,091,478	$ 4,095,520	$ 4,042
EXPENSES				
General services	$ 342,021	$ 342,021	$ 222,030	$ 119,991
Equipment services operations	1,679,639	1,688,850	1,367,037	321,813
Fire fleet maintenance	413,598	416,550	330,649	85,901
Equipment purchases	314,111	314,111	3,989	310,122
Fire vehicles/equipment	91,422	91,422	-	91,422
Police vehicles/equipment	227,779	294,272	63,126	231,146
Sub-total	3,068,570	3,147,226	1,986,831	1,160,395
OTHER & RESERVES				
Debt service	$ 448,414	$ 448,414	$ 448,414	$ -
Transfer to capital projects fund	849,000	433,536	849,000	(415,464)
Other	18,599	16,001	12,469	3,532
Equipment services reserves	156,681	46,301	41,565	4,736
Total other & reserves	$ 1,472,694	$ 944,252	$ 1,351,448	$ (407,196)
Total expenses	$ 4,541,264	$ 4,091,478	$ 3,338,279	$ 753,199
Balance	$ -	$ -	$ 757,241	$ 757,241

CITY OF NORTH RICHLAND HILLS, TEXAS
Schedule of Revenues, Expenses and Changes in Net Position - Budget (Non-GAAP Basis) and Actual
Self Insurance Fund
Year Ended September 30, 2017

	Original	Final	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Allocations				
Health/medical	$ 10,626,219	$ 10,626,219	$ 10,649,135	$ 22,916
Worker's compensation	500,390	500,390	-	(500,390)
Administration allocation	557,362	557,362	1,057,752	500,390
Other insurance	579,182	579,182	583,445	4,263
Sub-total	12,263,153	12,263,153	12,290,332	27,179
Other revenues				
Interest income	39,430	39,430	39,655	225
Other income	95,800	95,800	137,784	41,984
Expenditure reimbursement	400,000	550,000	567,613	17,613
Sub-total	535,230	685,230	745,052	59,822
Sub-total revenues	12,798,383	12,948,383	13,035,384	87,001
Appropriation of fund balance	100,000	987,341	987,341	-
Sub-total	100,000	987,341	987,341	-
Total revenues	$ 12,898,383	$ 13,935,724	$ 14,022,725	$ 87,001
EXPENSES				
Health/medical	$ 11,027,505	$ 12,016,061	$ 11,984,074	$ 31,987
Worker's compensation	586,463	586,463	334,487	251,976
Personnel expenses	498,956	498,956	481,568	17,388
Other insurance	489,183	548,444	577,519	(29,075)
Reserve for insurance claims	10,476	-	-	-
Other expenses	95,800	95,800	127,083	(31,283)
Life insurance premium	90,000	90,000	99,540	(9,540)
Sub-total	$ 12,798,383	$ 13,835,724	$ 13,604,271	$ 231,453
OTHER & RESERVES				
Retiree health care fund reserve	$ 100,000	$ 100,000	$ 100,000	$ -
Total other & reserves	$ 100,000	$ 100,000	$ 100,000	$ -
Total expenses	$ 12,898,383	$ 13,935,724	$ 13,704,271	$ 231,453
Balance	$ -	$ -	$ 318,454	$ 318,454

CITY OF NORTH RICHLAND HILLS, TEXAS
Schedule of Revenues, Expenses and Changes in Net Position - Budget (Non-GAAP Basis) and Actual
Information Technology
Year Ended September 30, 2017

	Original	Final	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Telecommunications				
Transfer from:				
General fund	$ 353,038	$ 353,038	$ 353,538	$ 500
Park Fund	35,708	35,708	35,708	-
Crime control district	29,318	29,318	30,018	700
Utility fund	89,489	89,489	89,489	-
Other funds	64,273	64,273	64,273	-
Sub-total	571,826	571,826	573,026	1,200
Computers:				
Transfer from:				
General fund	$ 1,039,779	$ 1,041,210	$ 1,048,660	$ 7,450
Park Fund	112,863	112,863	112,863	-
Crime control district	188,622	188,622	188,622	-
Utility fund	734,822	734,822	734,822	-
Other funds	306,823	306,823	306,823	-
Sub-total	2,382,909	2,384,340	2,391,790	7,450
Other revenues				
Interest income	8,657	12,322	13,923	1,601
Transmitter lease	152,958	152,958	155,324	2,366
Other income	-	-	2,606	2,606
Transfer from general fund	-	77,975	77,975	-
Transfer from utility fund	175,000	175,000	175,000	-
Sub-total	336,615	418,255	424,828	6,573
Sub-total revenues	3,291,350	3,374,421	3,389,644	15,223
Appropriation of fund balance				
Appropriation of information systems reserves	-	15,000	15,000	-
Sub-total	-	15,000	15,000	-
Total revenues	$ 3,291,350	$ 3,389,421	$ 3,404,644	$ 15,223
EXPENSES				
General services	$ 259,577	$ 260,459	$ 256,207	$ 4,252
Major computer systems	345,448	345,801	331,827	13,974
Microcomputer systems	781,808	798,478	634,629	163,849
Telecommunications	394,875	488,166	471,458	16,708
Data network	769,206	696,126	653,370	42,756
GIS System	180,523	180,523	161,406	19,117
Public safety	363,222	363,752	511,854	(148,102)
Sub-total	3,094,659	3,133,305	3,020,751	112,554
OTHER & RESERVES				
Other	15,982	13,157	8,526	4,631
Transfer Out	-	-	-	-
Reserve for system improvements	180,709	242,959	156,000	86,959
Total other & reserves	$ 196,691	$ 256,116	$ 164,526	$ 91,590
Total expenses	$ 3,291,350	$ 3,389,421	$ 3,185,277	$ 204,144
Balance	$ -	$ -	$ 219,367	$ 219,367

This page intentionally left blank.

Statistical Section

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current level of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

CITY OF NORTH RICHLAND HILLS, TEXAS
Net Position by Component

(Unaudited)

	Fiscal				
	2017	**2016**	**2015 (1)**	**2014**	**2013**
Governmental Activities					
Net investment in capital assets	$ 208,508,926	$ 199,625,197	$ 196,388,094	$ 196,926,762	$ 205,397,867
Restricted	11,257,910	4,005,996	3,451,280	4,115,704	4,634,803
Unrestricted	15,716,225	28,160,118	30,601,993	39,299,589	26,228,262
Total net position	235,483,061	231,791,311	230,441,367	240,342,055	236,260,932
Business-type Activities					
Net investment in capital assets	52,999,815	54,387,271	57,335,778	58,375,965	62,044,064
Restricted	3,764,244	3,507,899	4,153,891	3,788,127	3,762,460
Unrestricted	9,421,299	13,365,978	17,209,164	22,414,369	20,753,387
Total net position	66,185,358	71,261,148	78,698,833	84,578,461	86,559,911
Primary Government					
Net investment in capital assets	261,508,741	254,012,468	253,723,872	255,302,727	267,441,931
Restricted	15,022,154	7,513,895	7,605,171	7,903,831	8,397,263
Unrestricted	25,137,524	41,526,096	47,811,157	61,713,958	46,981,649
Total net position	$ 301,668,419	$ 303,052,459	$ 309,140,200	$ 324,920,516	$ 322,820,843

(1) Amounts for 2015 were restated as per GASB 68

Table 1

Year				
2012	**2011**	**2010**	**2009**	**2008**
$ 205,162,006	$ 178,349,544	$ 164,973,337	$ 142,066,447	$ 129,533,935
4,253,430	3,368,190	3,715,127	4,693,345	3,984,364
23,572,411	37,099,102	35,253,260	52,082,125	54,146,336
232,987,847	218,816,836	203,941,724	198,841,917	187,664,635
62,615,382	65,810,811	61,160,189	62,354,993	60,828,610
2,710,553	2,600,187	2,610,287	3,018,779	2,709,713
22,957,383	21,455,781	21,724,799	25,309,106	29,018,350
88,283,318	89,866,779	85,495,275	90,682,878	92,556,673
267,777,388	244,160,355	226,134,526	204,421,440	190,362,545
6,963,983	5,968,377	6,325,414	7,712,124	6,694,077
46,529,794	58,554,883	56,978,925	77,391,231	83,164,686
$ 321,271,165	$ 308,683,615	$ 289,438,865	$ 289,524,795	$ 280,221,308

CITY OF NORTH RICHLAND HILLS, TEXAS
Changes in Net Position

(Unaudited)

	Fiscal				
	2017	2016	2015	2014	2013
Expenses					
Governmental activities:					
General government	$ 10,056,228	$ 17,381,050	$ 11,393,967	$ 11,226,130	$ 10,656,322
Public safety	36,900,873	36,372,485	31,515,975	31,035,115	30,611,650
Culture and recreation	13,477,176	12,638,389	12,542,034	11,931,205	11,633,882
Public works	11,362,841	9,569,723	8,958,913	8,962,500	8,398,711
Interest and other fees	3,743,076	4,016,128	4,488,461	3,915,632	3,673,780
Total governmental activities	75,540,194	79,977,775	68,899,350	67,070,582	64,974,345
Business-type activities:					
Utility	31,655,646	31,490,416	30,228,765	28,066,386	27,623,220
Golf course	2,554,338	2,465,475	2,394,132	2,433,004	2,566,632
Aquatic park	4,863,609	5,006,324	4,354,652	4,542,966	4,749,688
Interest and other fees	-	-	-	-	-
Total business-type activities	39,073,593	38,962,215	36,977,549	35,042,356	34,939,540
Total primary government	114,613,787	118,939,990	105,876,899	102,112,938	99,913,885
Program Revenues					
Governmental activities:					
Charges for services					
General government	5,904,994	4,158,829	5,145,175	5,521,811	5,497,050
Public safety	2,443,763	3,486,887	3,894,194	3,655,306	4,204,508
Culture and recreation	3,274,056	3,246,982	3,104,181	3,100,292	3,001,249
Public works	1,118,102	979,812	1,063,766	1,136,920	937,102
Operating grants and contributions	4,910,865	3,336,301	2,966,484	2,826,280	2,545,158
Capital grants and contributions	1,647,847	4,575,258	478,587	2,676,372	2,938,951
Total governmental activities	19,299,627	19,784,069	16,652,387	18,916,981	19,124,018
Business-type activities:					
Charges for services					
Utility	31,983,377	30,544,439	29,826,840	30,483,178	30,160,950
Golf course	2,543,641	4,005,048	4,237,734	2,314,514	2,371,010
Aquatic park	4,117,435	2,552,175	2,335,223	4,019,970	4,377,388
Operating grants and contributions	-	-	-	84,842	138,831
Capital grants and contributions	-	-	-	-	7,291
Total business-type activities	38,644,453	37,101,662	36,399,797	36,902,504	37,055,470
Total primary government	57,944,080	56,885,731	53,052,184	55,819,485	56,179,488
Net (Expense) Revenue					
Governmental activities	(56,240,567)	(60,193,706)	(52,246,963)	(48,153,601)	(45,850,327)
Business-type activities	(429,140)	(1,860,553)	(577,752)	1,860,148	2,115,930
Total primary government	$ (56,669,707)	$ (62,054,259)	$ (52,824,715)	$ (46,293,453)	$ (43,734,397)

Table 2

Year				
2012	**2011**	**2010**	**2009**	**2008**
$ 10,399,845	$ 9,886,731	$ 14,653,747	$ 16,355,871	$ 9,379,422
28,881,714	28,512,136	26,172,292	27,772,668	25,791,827
11,679,786	9,352,354	9,468,346	10,718,579	7,973,359
7,794,339	7,679,001	8,388,531	2,126,721	5,748,315
3,453,283	2,108,277	1,761,128	2,269,541	2,302,096
62,208,967	57,538,499	60,444,044	59,243,380	51,195,019
26,642,141	27,981,025	27,313,424	25,121,565	27,329,181
2,429,973	2,227,315	2,236,113	2,217,868	2,302,670
4,753,949	4,507,561	4,188,892	4,105,695	3,774,757
-	-	-	-	433,588
33,826,063	34,715,901	33,738,429	31,445,128	33,840,196
96,035,030	92,254,400	94,182,473	90,688,508	85,035,215
5,490,245	5,466,876	8,619,557	4,547,658	9,333,482
3,426,008	2,668,111	2,918,356	4,922,180	2,995,693
2,381,024	858,241	909,267	1,446,132	2,517,122
932,819	857,809	839,309	1,896,764	2,355,161
1,833,138	879,524	964,914	1,142,243	353,816
7,401,996	17,644,326	6,806,586	11,341,668	304,514
21,465,230	28,374,887	21,057,989	25,296,645	17,859,788
28,445,746	28,921,168	24,324,685	25,060,898	26,349,559
2,443,865	2,324,118	2,264,256	2,509,577	2,571,409
4,548,828	4,587,899	4,090,087	3,858,389	3,943,288
80,660	-	-	-	-
50,744	4,643,096	271,624	-	-
35,569,843	40,476,281	30,950,652	31,428,864	32,864,256
57,035,073	68,851,168	52,008,641	56,725,509	50,724,044
(40,743,737)	(29,163,612)	(39,386,055)	(33,946,735)	(33,335,231)
1,743,780	5,760,380	(2,787,777)	(16,264)	(975,940)
$ (38,999,957)	$ (23,403,232)	$ (42,173,832)	$ (33,962,999)	$ (34,311,171)

CITY OF NORTH RICHLAND HILLS, TEXAS
Changes in Net Position

(Unaudited)

	Fiscal				
	2017	2016	2015	2014	2013
General Revenues and Other					
Changes in Net Position					
Governmental activities:					
Taxes					
Property	$ 29,852,651	$ 27,060,196	$ 26,099,238	$ 24,903,041	$ 24,126,068
Sales	19,838,314	19,324,022	18,571,502	18,007,872	17,359,807
Mixed beverage	145,222	139,062	138,100	129,512	117,223
Franchise	4,015,982	4,437,141	4,502,303	4,332,756	4,166,579
Occupancy	278,764	275,072	232,793	206,930	221,003
Unrestricted investment earnings	285,287	522,485	514,062	320,460	258,705
Special items	-	-	-	-	-
Miscellaneous	637,784	4,077,647	188,123	142,074	205,445
Transfers	4,878,313	5,708,025	3,973,821	4,162,160	3,674,512
Total governmental activities	59,932,317	61,543,650	54,219,942	52,204,805	50,129,342
Business-type activities:					
Unrestricted investment earnings	74,378	127,777	119,568	20,007	80,950
Miscellaneous	157,285	3,116	35,052	300,555	5,380
Transfers	(4,878,313)	(5,708,025)	(3,973,821)	(4,162,160)	(3,674,512)
Total business-type activities	(4,646,650)	(5,577,132)	(3,819,201)	(3,841,598)	(3,588,182)
Total primary government	55,285,667	55,966,518	50,400,741	48,363,207	46,541,160
Changes in Net Position					
Governmental activities	3,691,750	1,349,944	1,972,979	4,051,204	4,279,015
Business-type activities	(5,075,790)	(7,437,685)	(4,396,953)	(1,981,450)	(1,472,252)
Total primary government	$ (1,384,040)	$ (6,087,741)	$ (2,423,974)	$ 2,069,754	$ 2,806,763

Table 2

Year				
2012	**2011**	**2010**	**2009**	**2008**
$ 22,222,620	$ 19,339,750	$ 19,909,976	$ 20,605,670	$ 19,248,707
16,974,086	16,645,412	16,428,281	16,058,728	17,445,806
101,724	128,007	118,253	117,757	161,783
4,269,229	4,329,500	3,956,663	3,802,559	4,604,523
210,324	238,410	240,387	152,220	260,319
300,928	495,386	588,866	1,611,632	2,245,479
-	-	-	-	196,320
288,093	1,271,555	553,412	188,512	477,026
3,384,630	1,590,704	2,690,024	2,586,937	569,227
47,751,634	44,038,724	44,485,862	45,124,015	45,209,190
50,479	171,125	236,674	740,393	878,795
6,909	30,703	53,524	(10,986)	8,962
(3,384,630)	(1,590,704)	(2,690,024)	(2,586,937)	(557,044)
(3,327,242)	(1,388,876)	(2,399,826)	(1,857,530)	330,713
44,424,392	42,649,848	42,086,036	43,266,485	45,539,903
7,007,897	14,875,112	5,099,807	11,177,280	11,873,959
(1,583,462)	4,371,504	(5,187,603)	(1,873,794)	(645,227)
$ 5,424,435	$ 19,246,616	$ (87,796)	$ 9,303,486	$ 11,228,732

This page intentionally left blank.

CITY OF NORTH RICHLAND HILLS, TEXAS **Table 3**
Fund Balance - Governmental Funds

(Unaudited)

	Fiscal Year						
	2017	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**
General Fund							
Nonspendable	$ 235,578	$ 134,812	$ 341,273	$ 450,459	$ 669,275	$ 707,569	$ 926,707
Restricted	986,704	572,174	567,522	476,163	1,123,587	868,715	653,526
Committed	-	-	-	-	-	-	-
Assigned	114,058	705,694	929,092	3,811,011	3,963,333	3,759,566	1,848,329
Unassigned	10,683,474	8,117,775	9,457,571	9,070,595	9,186,072	8,992,908	9,838,310
Total General Fund	12,019,814	9,530,455	11,295,458	13,808,228	14,942,267	14,328,758	13,266,872
All Other Governmental Funds							
Nonspendable	35,791	51,958	33,195	50,288	27,002	47,202	30,308
Restricted	30,949,263	29,505,140	44,653,934	74,611,779	63,631,314	60,696,117	30,997,610
Committed	2,130,744	2,067,819	1,565,680	1,070,103	4,161,319	3,622,301	6,221,018
Assigned	19,884,686	22,476,772	19,075,193	10,674,838	17,280,746	16,333,423	6,480,459
Unassigned	-	-	(406,809)	-	-	-	-
Total all other governmental funds	53,000,484	54,101,689	64,921,193	86,407,008	85,100,381	80,699,043	43,729,395
Total all governmental funds	$ 65,020,298	$ 63,632,144	$ 76,216,651	$ 100,215,236	$ 100,042,648	$ 95,027,801	$ 56,996,267

Notes: GASB 54 Fund Balance reporting was implemented in 2011.

CITY OF NORTH RICHLAND HILLS, TEXAS
Changes in Fund Balance - Governmental Funds
Last Ten Fiscal Years

	Fiscal				
	2017	2016	2015	2014	2013
Revenues					
Taxes	$ 54,092,627	$ 51,253,936	$ 49,541,169	$ 47,625,477	$ 45,990,682
Licenses and permits	2,326,087	2,534,768	1,520,086	1,632,278	1,764,004
Charges for services	6,120,805	6,027,624	5,904,848	6,681,429	6,800,050
Gas utility leases and royalties	454,264	263,932	664,788	1,187,340	
Fines	2,212,430	1,892,511	2,222,995	1,990,953	2,424,064
Civil citations	1,088,773	1,322,940	1,226,567	990,714	923,282
Contributions	362,139	1,795,872	277,972	199,825	140,385
Special assessments	775	3,755	12,095	-	10,116
Investment income	304,456	475,680	437,668	319,622	177,178
Intergovernmental	6,194,623	6,121,987	4,305,248	5,072,166	4,467,635
Forfeitures	92,346	112,118	67,598	107,275	323,285
Developer contributions	-	-	-	600,000	
Miscellaneous	354,955	366,569	263,251	388,858	1,318,985
Total revenues	73,604,280	72,171,692	66,444,285	66,795,937	64,339,666
Expenditures					
General government	10,447,419	9,965,076	9,299,236	10,155,142	10,673,511
Public safety	33,044,578	31,277,423	30,050,383	29,022,814	28,317,163
Culture and recreation	10,186,032	9,634,940	9,534,702	9,231,503	9,290,204
Public works	3,153,832	3,088,996	3,024,822	2,924,516	3,563,149
Capital outlay	15,089,154	27,524,601	55,831,018	30,729,875	10,208,747
Debt service					
Principal retirement	10,515,000	11,187,728	9,999,376	8,578,960	8,523,434
Interest and fiscal charges	4,165,468	4,327,617	4,506,910	3,924,385	3,659,348
Total expenditures	86,601,483	97,006,381	122,246,447	94,567,195	74,235,556
Excess (deficiency) of revenues over expenditures	(12,997,203)	(24,834,689)	(55,802,162)	(27,771,258)	(9,895,890)
Other Financing Sources (Uses)					
Issuance of debt	7,545,000	1,850,000	22,215,000	24,360,000	9,845,000
Premium on issuance of debt	362,160	97,212	3,265,946	310,000	300,486
Proceeds from refunding of debt	1,695,000	2,006,810	10,416,576	3,936,985	-
Payment to refunded bond escrow agent	(1,682,019)	(2,025,720)	(10,416,576)	(3,936,985)	-
Proceeds from sale of assets	505,650	3,977,054	136,558	19,500	799,045
Payment in lieu of taxes	-	-	-	-	-
Transfers in	14,617,046	19,233,421	12,337,451	16,597,422	7,782,662
Transfers out	(8,657,479)	(12,888,595)	(6,151,378)	(13,343,076)	(3,816,456)
Total other financing sources (uses)	14,385,358	12,250,182	31,803,577	27,943,846	14,910,737
Net change in fund balances	$ 1,388,155	$ (12,584,507)	$ (23,998,585)	$ 172,588	$ 5,014,847
Debt service as a percentage of noncapital expenditures	20.5%	20.8%	20.9%	18.9%	19.0%

Table 4

Year 2012	2011	2010	2009	2008
$ 43,777,983	$ 40,681,079	$ 40,842,538	$ 40,736,934	$ 41,721,138
1,543,875	1,375,742	1,148,594	988,020	1,705,703
6,715,031	6,076,625	7,588,891	6,562,241	6,461,012
2,421,696	2,665,135	2,631,813	2,677,901	2,394,920
778,393	674,745	726,274	999,584	825,191
176,740	187,813	192,501	160,194	196,320
200	8,748	-	276,475	154,125
415,326	383,453	538,193	1,250,127	1,678,921
5,732,323	9,070,672	3,188,918	2,477,191	1,200,491
138,604	183,295	232,054	146,830	142,874
1,363,579	445,214	1,876,282	517,492	6,634,802
63,063,750	61,752,521	58,966,058	56,792,989	63,115,497
10,829,793	10,311,297	10,435,250	9,459,393	9,054,489
26,959,990	25,934,692	24,697,961	25,262,159	26,051,508
9,163,107	7,453,931	7,344,261	8,545,815	7,241,596
3,601,659	2,416,186	2,518,081	2,478,800	2,663,001
15,945,071	15,475,441	14,301,095	10,506,569	5,137,596
8,846,947	8,187,696	7,115,319	5,699,394	6,188,393
3,092,172	2,194,444	2,161,325	2,048,696	2,225,585
78,438,739	71,973,687	68,573,292	64,000,826	58,562,168
(15,374,989)	(10,221,166)	(9,607,234)	(7,207,837)	4,553,329
26,224,251	7,315,000	9,186,475	8,503,525	4,465,000
546,164	358,270	42,075	242	-
3,699,388	-	-	-	-
(3,809,076)	-	-	-	-
3,145,280	806,479	34,678	188,512	16,353
-	-	-	-	355,004
8,705,604	5,659,688	8,158,092	9,274,945	5,918,639
(4,842,779)	(4,304,576)	(7,540,830)	(7,759,444)	(5,899,649)
33,668,832	9,834,861	9,880,490	10,207,780	4,855,347
$ 18,293,843	$ (386,305)	$ 273,256	$ 2,999,943	$ 9,408,676
19.1%	18.4%	17.1%	14.5%	15.7%

CITY OF NORTH RICHLAND HILLS, TEXAS
Appraised and Taxable Value of Property
Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Appraised Residential Property (1)	Appraised Commercial Property	Appraised Industrial Property	Appraised Other Property (2)
2008	2,597,760,103	1,221,122,848	25,008,737	8,474,351
2009	2,643,899,600	1,223,438,996	22,507,047	9,166,448
2010	2,647,640,376	1,208,449,067	16,397,636	16,439,434
2011	2,761,524,503	1,290,764,397	23,749,165	13,867,550
2012	2,771,215,853	1,314,489,854	24,818,749	21,212,859
2013	2,785,739,578	1,381,473,075	24,346,385	47,706,246
2014	2,868,511,402	1,441,819,516	25,428,750	40,136,107
2015	3,051,185,373	1,493,156,269	27,110,792	49,727,661
2016	3,117,914,468	1,538,511,112	19,220,094	46,060,377
2017	3,540,397,856	1,721,550,137	26,729,937	27,615,504

Source: 2007-2015 - July 25th Tarrant Appraisal District Certified Tax Roll and City budget
2016 - December Tarrant Appraisal District Certified Tax Roll and City budget

(1) Due to a change in Tarrant Appraisal District, the structure of the information presented in the July Certified Tax Roll changed beginning in 2008.

(2) This category includes properties under protest with the appraisal review board and properties classified as incomplete by Tarrant Appraisal District at the time NRH City Council approves the Tax Rolls for the budget year. The net taxable values are those approved by City Council by resolution.

Table 5

Personal Property	Estimate for ARB & Incomplete	Less: Tax-Exempt Property	Net Taxable Value	Total Direct Tax Rate
318,594,946	85,308,581	681,860,502	3,574,409,064	0.57000
331,545,812	194,478,290	665,551,062	3,759,485,131	0.57000
311,291,262	268,882,950	718,673,173	3,750,427,552	0.57000
302,449,010	89,691,395	879,728,309	3,602,317,711	0.57000
302,955,622	131,117,657	947,626,573	3,618,184,021	0.57000
312,039,668	84,494,809	903,068,001	3,732,731,760	0.61000
311,311,919	90,219,997	936,363,242	3,841,064,449	0.61000
324,807,300	66,663,269	956,622,434	4,056,028,230	0.61000
326,962,414	173,753,349	1,072,233,887	4,150,187,927	0.61000
312,681,455	263,198,321	1,292,478,020	4,599,695,190	0.61000

CITY OF NORTH RICHLAND HILLS, TEXAS
Property Tax Rates - Direct and Overlapping Governments
(per $100 assessed value)

(Unaudited)

Fiscal Year	City of North Richland Hills		
	General fund (2)	Debt service fund (2)	Total (2)
2008	0.34241	0.22759	0.57000
2009	0.33875	0.23125	0.57000
2010	0.35412	0.21588	0.57000
2011	0.37022	0.19978	0.57000
2012	0.35642	0.21358	0.57000
2013	0.35108	0.25892	0.61000
2014	0.34904	0.26096	0.61000
2015	0.35058	0.25942	0.61000
2016	0.36473	0.24527	0.61000
2017	0.34808	0.26192	0.61000

Sources: (1) Tarrant County.
(2) City records.

Table 6

Junior college (1)	Birdville school district (1)	Hospital (1)	County (1)	Total
0.13938	1.40500	0.23040	0.26650	2.61128
0.13796	1.41000	0.22790	0.26400	2.60986
0.13767	1.40500	0.22790	0.26400	2.60457
0.13764	1.42500	0.22790	0.26400	2.62454
0.14897	1.43500	0.22790	0.26400	2.64587
0.14897	1.43500	0.22790	0.26400	2.68587
0.14950	1.43500	0.22790	0.26400	2.68640
0.14950	1.43500	0.22790	0.26400	2.68640
0.14950	1.45390	0.22790	0.26400	2.70530
0.14473	1.45390	0.22790	0.25400	2.69053

This page intentionally left blank.

CITY OF NORTH RICHLAND HILLS, TEXAS **Table 7**
Principal Taxpayers

(Unaudited)

Year Ended September 30, 2017

Taxpayer	Type of business	2016 assessed valuation*	Percentage of total assessed valuation
Star Delano LLC/Star Meadows LLC	Multi Family	$ 71,100,000	1.55%
Company One, LLC	Real Estate	56,196,190	1.22%
Aragon 2014/8500 Harwood LLC	Multi Family	49,300,000	1.07%
Columbia N Hills Hosp Sub	Healthcare Provider	38,814,695	0.84%
Enclave at Hometown LP	Multi Family	36,790,000	0.80%
Wal-Mart	Retail	34,938,760	0.76%
Oncor Electric Delivery Co.	Utility Service Provider	26,916,199	0.59%
Venue at Hometown Ltd Etal	Multi Family	26,900,000	0.58%
AR-Hightower LP Etal	Multi Family	26,280,000	0.57%
Kroger Texas LP	Retail	24,375,831	0.53%
		$ 391,611,675	8.51%

Year Ended September 30, 2008

Taxpayer	Type of business	2007 assessed valuation*	Percentage of total assessed valuation
Wal-Mart	Retail	$ 64,151,443	1.79%
Hospital Corporation of America	Healthcare Provider	45,042,523	1.26%
Western RIM Investors LP	Real Estate	38,419,527	1.07%
Home Depot, Inc.	Retail	29,797,711	0.83%
Alliance Park Portfolio, LLC	Real Estate	28,081,064	0.79%
TXU Electric Delivery	Utility Service Provider	26,202,715	0.73%
Five Star Ford/Pack Properties	Automotive Dealership	25,562,877	0.71%
BGPC Equestrian	Real Estate	24,727,196	0.69%
Delaware Oak River LLC	Property Developer	23,968,000	0.67%
Heritage Southwest	Real Estate	20,378,925	0.57%
		$ 326,331,981	9.11%

CITY OF NORTH RICHLAND HILLS, TEXAS
Property Tax Levies and Collections
Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Total tax levy	Collected within the Fiscal Year of the Levy	
		Amount	Percent of levy
2008	20,379,252	19,980,714	98.04%
2009	21,429,065	21,268,426	99.25%
2010	21,377,437	21,115,928	98.78%
2011	20,533,211	20,281,233	98.77%
2012	20,623,649	20,370,425	98.77%
2013	22,769,664	22,175,814	97.39%
2014	23,430,493	22,797,806	97.30%
2015	24,472,461	23,954,022	97.88%
2016	25,342,035	24,810,326	97.90%
2017	28,102,997	27,221,718	96.86%

Table 8

Collections of Previous Years	Total Collections to Date	
	Amount	Percent of Levy
217,299	20,198,014	99.11%
100,158	21,368,584	99.72%
156,501	21,272,429	99.51%
145,540	20,426,774	99.48%
85,105	20,455,530	99.18%
100,046	22,275,859	97.83%
105,071	22,902,877	97.75%
114,085	24,068,106	98.35%
59,740	24,870,066	98.14%
98,895	27,320,613	97.22%

CITY OF NORTH RICHLAND HILLS, TEXAS
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

(Unaudited)

(dollars in thousands, except per capita)

Fiscal Year	Estimated population (1)	Net Taxable value (2)	General Bonded Debt		
			General obligation bonds	Certificates of obligation	Loans payable
2008	65,750	3,574,409	37,823	7,041	-
2009	66,100	3,759,485	39,810	7,229	1,550
2010	66,400	3,750,428	41,725	8,255	1,625
2011	63,420	3,602,318	41,000	9,575	1,242
2012	63,420	3,618,184	64,269	33,330	840
2013	63,420	3,732,732	68,945	30,910	311
2014	65,690	3,841,064	79,927	36,050	-
2015	66,300	4,056,028	80,059	53,401	-
2016	69,204	4,150,188	72,330	46,330	-
2017	69,768	4,599,695	66,220	49,485	

Fiscal Year	Other Gov't Activities Debt	Business-Type Activities			Total business-type activities
	Sales tax revenue bonds	General obligation bonds	Certificates of obligation	Capital leases	
2008	5,410	2,790	6,865	-	9,655
2009	4,520	2,350	11,254	-	13,604
2010	3,600	1,890	11,285	-	13,175
2011	2,640	1,405	12,610	-	14,015
2012	1,645	2,210	16,415	388	19,013
2013	615	1,760	15,300	317	17,377
2014	210	1,693	15,280	245	17,218
2015	105	1,952	13,730	163	15,845
2016	-	2,970	14,980	92	18,042
2017	-	2,755	13,605	253	16,613

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

(1) See Table 13 for additional population statistics.

(2) See Table 5 for additional information on net taxable value.

Table 9

Total General Bonded Debt	Percentage of Net Taxable value	General Bonded Debt per Capita (1)
44,864	1.26%	682
48,589	1.29%	735
51,605	1.38%	777
51,817	1.44%	817
98,439	2.72%	1,552
100,166	2.68%	1,579
115,977	3.02%	1,766
133,460	3.29%	2,013
118,660	2.86%	1,715
115,705	2.52%	1,658

Total (3) primary government	Total bonded debt per capita (1)	Percentage of per capita income (1)
59,038	898	2.87%
65,793	995	3.31%
67,420	1,015	3.40%
67,477	1,064	3.37%
118,067	1,862	5.97%
117,753	1,857	5.79%
133,300	2,029	6.39%
149,305	2,252	7.09%
136,702	1,975	6.22%
132,318	1,897	5.97%

CITY OF NORTH RICHLAND HILLS, TEXAS **Table 10**
Computation of Direct and Overlapping Debt
September 30, 2017

(Unaudited)

Jurisdiction	Net bonded debt outstanding		Percentage applicable (2)	City share of overlapping debt
City of North Richland Hills	$ 120,963,165	(1)	100.00%	$ 120,963,165
Birdville Independent School District	265,576,590		48.53%	128,884,319
Hurst-Euless-Bedford				
Independent School District	236,789,890		0.07%	165,753
Keller Independent School District	706,960,916		3.73%	26,369,642
Tarrant County	321,795,000		2.96%	9,525,132
Tarrant County Hospital District	20,835,000		2.96%	616,716
Total overlapping debt				165,561,562
Total direct and overlapping debt				$ 286,524,727

Source: Hilltop Securities Inc. and respective entities' records.

(1) Less - self-supporting debt

(2) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

CITY OF NORTH RICHLAND HILLS, TEXAS **Table 11**
Computation of Legal Debt Margin
Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Net Taxable Value	Debt Limit	Total Debt Service	Legal Debt Margin	Total Net Debt Applicable to the Limit as a Percentage of the Debt Limit
2008	3,574,409,064	53,616,136	7,232,025	46,384,111	13.49%
2009	3,759,485,131	56,392,277	6,716,239	49,676,038	11.91%
2010	3,750,427,552	56,256,413	8,149,644	48,106,769	14.49%
2011	3,602,317,712	54,034,766	9,263,791	44,770,975	17.14%
2012	3,618,184,021	54,272,760	7,567,382	46,705,378	13.94%
2013	3,732,731,760	55,990,976	8,768,411	47,222,565	15.66%
2014	3,841,064,449	57,615,967	9,565,203	48,050,764	16.60%
2015	4,056,028,230	60,840,423	11,196,142	49,644,281	18.40%
2016	4,150,187,927	62,252,819	12,709,626	49,543,193	20.42%
2017	4,599,695,190	68,995,428	11,668,135	57,327,293	16.91%

This page intentionally left blank.

CITY OF NORTH RICHLAND HILLS, TEXAS **Table 12**
Pledged Revenue Coverage
Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Park and Recreation Facilities Development Sales Tax Revenue Bonds						
	Sales Tax Revenues	Less: Current Expenditures	Net Revenue Available	Debt Service			Coverage
				Principal	Interest	Total (1)	
2008	4,410,260	2,824,368	1,585,892	890,000	291,953	1,181,953	1.34
2009	4,077,162	2,990,209 (2)	1,086,953	920,000	187,763	1,107,763	0.98
2010	4,211,692	3,027,159	1,184,533	960,000	167,000	1,127,000	1.05
2011	4,179,388	3,284,467	894,921	995,000	123,349	1,118,349	0.80
2012	4,241,341	5,580,061	(1,338,720) (3)	1,030,000	80,075	1,110,075	(1.21)
2013	4,343,358	5,729,298 (4)	(1,385,940) (3)	405,000	31,315	436,315	(3.18)
2014	4,506,169	5,559,713 (4)	(1,053,544) (3)	355,000	117,243	472,243	(2.23)
2015	4,648,841	5,703,671 (4)	(1,054,830) (3)	455,000	109,153	564,153	(1.87)
2016	4,837,974	5,896,984 (4)	(1,059,010) (3)	240,000	89,055	329,055	(3.22)
2017	4,964,710	6,235,946 (4)	(1,271,236) (3)	240,000	80,393	320,393	(3.97)

(1) Includes interest and fiscal agent charges.

(2) 2009 current expenditures totaling $4,090,209 found in the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances for Nonmajor Governmental Funds includes a one time TIF transfer of $1.1M for the Recreation Center project. For purposes of pledged revenue coverage current expenditures have been reduced by this amount.

(3) Bond convenant for sales tax revenue bonds mandates sufficient fund balance to cover average debt service payments unpaid. Negative coverage indicates that fund balance reserves are being used to cover debt service requirements. The City has sufficient fund balance coverage to pay all debt service due.

(4) Excludes capital outlay

CITY OF NORTH RICHLAND HILLS, TEXAS
Demographic Statistics
Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Estimated population (2)		Median income (6)	Per capita income (6)
2008	65,750		69,669	31,278
2009	66,100		67,850	30,084
2010	66,400		68,082	29,882
2011	63,420	(4)	63,594	31,615
2012	63,420		78,911	31,175
2013	63,420		82,051	32,079
2014	65,690		81,100	31,766
2015	66,300		66,475	32,176
2016	69,204		65,121	32,549
2017	69,768		66,884	34,520

Sources:

(1) Birdville Independent School District
(2) North Central Texas Council of Governments and City estimates
(3) Texas Employment Commission
(4) Population was adjusted based on census.
(5) Includes North Richland Hills students only
(6) ESRI Business Information Solutions, Inc
(7) Reported as a percentage of residents with a high school diploma or greater

Table 13

Median age (6)	Education level (6) (7)	School enrollment (1) (5)	Unemployment rate (3)
35.6	91%	10,972	4.7
35.6	91%	11,179	5.5
35.6	91%	11,431	6.9
38	91%	11,615	7.3
38.2	91%	10,843	6.3
38.4	91%	10,883	5.5
38.5	95%	10,795	4.9
38.6	92%	11,452	3.3
38.9	92%	11,206	3.8
39.1	92%	10,970	3.8

This page intentionally left blank.

CITY OF NORTH RICHLAND HILLS, TEXAS **Table 14**
Principal Employers

(Unaudited)

Year Ended September 30, 2017

Employer	Employees[3]	Rank	Percentage of total City employment*
Santander Consumer USA, Inc.	1,500	1	4.36%
Wal-Mart Supercenters	813	2	2.10%
Birdville ISD[1]	765	3	2.09%
North Hills Hospital	615	4	2.07%
City of North Richland Hills	539	5	1.43%
Tarrant County College - NE Campus[2]	473	6	1.26%
HealthMarkets	350	7	1.19%
Tyson Prepared Foods	350	8	1.00%
Silverleaf Resorts	260	9	0.73%
Portfolio Recovery Associates	200	10	0.62%
	5,865		16.85%

Year Ended September 30, 2008

Employer	Employees	Rank	Percentage of total City employment*
Health Markets	1,600	1	4.61%
Birdville ISD[1]	1,122	2	3.23%
Triad Financial Corporation	1,000	3	2.88%
North Hills Hospital	803	4	2.31%
City of North Richland Hills	527	5	1.52%
TCC - NE Campus[2]	475	6	1.37%
Silverleaf Resorts	410	7	1.18%
Tyson Prepared Food	409	8	1.18%
Wal-Mart Supercenter	408	9	1.17%
Wal-Mart Supercenter	405	10	1.17%
	7,159		20.62%

[1] Number denotes employees working in schools in the City of NRH

[2] Split with Hurst

[3] Actual number of employees employed at time of reporting

CITY OF NORTH RICHLAND HILLS, TEXAS
Full-time Equivalent Municipal Employees by Function/Program
Last Ten Fiscal Years

	Fiscal Year					
	2017	2016	2015	2014	2013	
General government						
Administration	6.00	5.00	5.00	4.70	4.70	
Public information	3.00	4.00	4.00	4.00	4.00	
Judicial	15.00	15.00	15.00	15.00	15.00	
Finance	22.00	23.00	23.00	23.00	22.00	
Nondepartmental	1.00	1.00	1.00	1.00	1.00	
Human resources	1.00	1.00	1.00	1.00	1.00	
Planning and inspections	12.30	10.30	10.30	10.30	10.30	
Neighborhood services	19.73	19.73	19.73	18.75	18.75	
Budget and research	3.00	3.00	3.00	3.00	3.00	
Public relations	3.50	3.50	3.50	3.75	3.75	
Total general government	86.53	85.53	85.53	84.50	83.50	
Public safety						
Police	203.13	193.88	191.88	189.88	187.88	
Fire	94.00	94.00	91.00	91.00	91.00	
Total public safety	297.13	287.88	282.88	280.88	278.88	
Culture and recreation						
Parks and recreation	161.95	163.48	162.10	162.70	160.25	(2)
Library	27.53	28.03	27.11	27.11	27.11	
Economic development	3.00	3.00	3.00	3.00	4.00	
Total culture and recreation	192.48	194.51	192.21	192.81	191.36	
Public works	69.43	79.18	78.18	78.18	79.68	
Internal services						
Building services	13.63	15.63	15.63	15.73	15.23	
Equipment services	13.00	13.00	13.00	13.00	13.00	
Self-insurance	5.00	5.00	5.00	5.10	5.10	
Information services	12.00	12.00	12.00	12.00	12.00	
Total internal services	43.63	45.63	45.63	45.83	45.33	
Total full-time equivalents	689.20	692.73	684.43	682.20	678.75	

Source: City operating budget
(1) Consolidated services with Haltom City, City of Richland Hills and City of Watauga for Communication and Detention Centers
(2) Increase due to new staff members for the Recreation Center

Table 15

Fiscal Year 2012		2011	2010	2009	2008
4.70		4.70	3.70	4.75	5.25
4.00		4.00	5.00	5.00	5.00
15.00		15.00	15.50	15.50	16.50
23.00		23.00	23.00	23.50	23.50
1.00		1.00	1.00	1.00	1.00
1.00		1.00	1.00	1.00	1.00
8.30		8.30	9.30	11.30	11.30
18.75		18.75	18.75	19.75	18.75
3.00		3.00	3.00	3.00	3.00
3.75		3.75	6.75	6.75	6.75
82.50		82.50	87.00	91.55	92.05
186.88	(1)	165.20	164.22	165.22	164.65
90.00		88.00	91.00	91.00	91.00
276.88		253.20	255.22	256.22	255.65
145.55		121.53	118.76	118.90	120.22
27.11		28.58	28.16	28.16	28.16
3.00		3.00	3.00	3.00	3.00
175.66		153.11	149.92	150.06	151.38
77.68		77.68	78.68	79.68	80.18
16.23		16.23	16.36	16.36	15.86
13.00		13.00	13.50	11.65	11.65
5.10		5.10	5.10	6.00	6.00
11.00		11.00	11.00	12.00	12.00
45.33		45.33	45.96	46.01	45.51
658.05		611.82	616.77	623.52	624.77

CITY OF NORTH RICHLAND HILLS, TEXAS
Operating Indicators by Function/Program
Last Ten Fiscal Years

(Unaudited)

	Fiscal Year				
	2017	2016	2015	2014	2013
General government					
Planning and Inspections					
Construction					
Commercial units	31	20	65	35	25
Commercial value	$ 53,156,352	$ 13,603,082	$ 11,481,833	$ 14,309,733	$ 15,498,935
Residential units	233	238	122	321	189
Residential value	$ 81,180,734	$ 75,615,139	$ 36,838,614	$ 27,754,692	$ 46,472,244
Public safety					
Police					
Law violations (1)	2,772	2,595	3,144	3,014	3,215
Part one offenses	1,662	1,560	1,868	1,644	1,960
Traffic violations	18,404	17,566	21,305	17,052	22,215
Calls for service	120,098	111,984	112,313	107,393	114,269
Case clearance %	52%	23%	28%	23%	58%
Fire					
Total responses	8,205	7,932	7,475	7,276	7,189
Fire responses	2,567	2,402	2,221	2,412	2,275
EMS responses	5,638	5,530	5,254	4,864	4,914
% responses < 5 minutes	56%	64%	74%	70%	58%
Total inspections	2,549	3,143 (14)	1,232	1,201	768
Culture and recreation					
Parks and recreation					
Water park admissions	202,515	221,101	227,525	219,077	242,490
Golf rounds played	49,147	47,873	43,250	45,339	48,229
Library					
Number of volumes	179,303	174,156	214,867	202,103	204,302
Annual circulation	764,520	814,070	939,022	854,452	771,994
Annual loans per capita	10.96	11.76	14.16	13.01	12.17
Public works					
Water					
Avg daily consumption (2)	1,153,565	1,160,247	1,165,254	1,219,696	1,278,326
Peak daily consumption (2)	2,096,524	2,614,973	2,582,620	2,441,043	2,624,198
Streets					
Street overlay - miles	6	4	4	4	1
Concrete pavement repair - sq. ft.	13,921	14,052	3,113	6,258	6,488
Pothole repair - sq. ft.	3,018	4,767	4,467	2,677	2,152
Street cut - sq. ft.	147,676	162,607	153,559	163,910	86,160
Sign fabrication	1,332	1,215	1,179	850	973

Source: City records
(1) Excludes traffic violations.
(2) Cubic feet.
(3) Remodels included in error.
(4) Overlay was moved into the 2008-2009 Budget Year because Public Works was assessing program options.
(5) Library closed from March 20th to April 19th, 2008 in order to move to new location.
(6) Loan period changed from 2 weeks to 3 weeks.
(7) FY 2009-2010 calculated on a Fiscal Year basis and additional call types now being tracked.
(8) Reported from the National Incident-Based Reporting System annual report.
(9) Decline in response time is due to in-town traffic increasing because of the Hwy 820 expansion causing a longer drive time.
(10) Reinspections are down due to corrected violations.
(11) Inspection numbers unavailable for the year due to changes in the computer record management system and procedures.
(12) Conversion to new computer record management system incomplete therefore Company Inspections are unavailable.
(13) Decrease due to the installation of the Fibre Crete this year.
(14) Increase in inspections is due to it being the first year that the record keeping has been fully migrated/implemented/online and pushed out to the companies as well as working out issues with the iPads and Firehouse software (RMS system) program.

Table 16

2012	2011	2010	2009	2008
91 (3)	24	47	41	51
$ 7,533,480 (3)	$ 3,489,824	$ 4,578,000	$ 3,790,657	$ 7,907,730
168	122	66	55	116
$ 42,138,527	$ 27,218,868	$ 14,289,559	$ 13,295,377	$ 31,498,499
3,463	3,574 (8)	4,071	4,270	4,289
1,791	2,075 (8)	3,452	3,190	3,458
22,155	20,733	24,747	25,111	28,899
115,644	137,243	137,645 (7)	123,877	124,212
26%	42%	40%	41%	41%
7,064	6,850	6,555	6,551	6,929
2,235	1,762	1,371	1,617	1,843
4,829	5,088	5,184	4,934	5,086
70%	51% (9)	73%	73%	72%
- (11)	2,005 (10)	2,169	2,308	2,412
272,336	270,845	242,554	231,379	233,654
50,524	51,264	47,594	54,373	56,192
206,840	200,982	196,042	192,044	180,737
947,883	840,667	828,889	764,195	606,639 (5) (6)
14.95	13.26	12.48	11.56	9.23 (5)
1,306,524	1,521,220	1,205,104	1,213,697	1,317,622
2,938,102	3,091,043	2,627,674	2,751,337	2,963,770
4	6	4	5	2 (4)
5,322	9,372	16,163	12,655	4,404 (4)
4,577	3,974	6,786	4,303	5,499 (4)
176,844	162,577	193,400	162,446	121,809 (4)
852	935	953	1,119	1,455

CITY OF NORTH RICHLAND HILLS, TEXAS
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

(Unaudited)

	Fiscal Year			
	2017	**2016**	**2015**	**2014**
Public safety				
Police				
Stations	1	1	1	1
Fire				
Stations	5	5	4	4
Fire hydrants	2,256	2,251	2,219	2,202
Culture and recreation				
Parks and recreation				
Parks	39	34	33	33
Park acreage	899	735	734	734
Playgrounds	22	22	22	22
Trails - miles	31	31	30	30
Golf courses	1	1	1	1
Recreations centers	1	1	1	1
Athletic fields	53	53	53	53
Senior centers	1	1	1	1
Library				
Libraries	1	1	1	1
Public works				
Water mains - miles	371	370	367	356
Water connections	22,233	21,988	21,329	21,141
Wastewater lines - miles	256	255	252 (3)	293
Wastewater connections	20,430	20,212	19,919	19,761
Storm drain - miles	139	139	139	139
Streets - miles	241	241	238	238
Street lights	2,550	2,545	2,545	2,545

Source: City records

(1) Department implemented a complete inventory system in 2009 that will provide more accurate counts.
(2) New Senior Center in NRH Centre combined/closed Dan Echols and Bursey Road Senior Citizen Centers
(3) Department's system inventory report was calculated by outside source.

Table 17

2013	2012	2011	2010	2009	2008
1	1	1	1	1	1
4	4	4	4	4	4
2,162	2,127	2,125	2,139	2,100 (1)	2,119
33	33	33	32	32	32
709	709	709	708	708	706
20	20	20	20	20	20
21	21	21	20	20	20
1	1	1	1	1	1
1	1	1	1	1	1
53	53	53	53	53	53
1	1 (2)	2	2	2	2
1	1	1	1	1	1
355	351	346	356	341 (1)	356
20,936	20,792	20,522	20,420	20,302	20,282
292	290	288	288	285 (1)	245
19,603	19,469	19,240	19,141	19,068	19,053
139	139	139	139	139	138
238	238	238	237	235	234
2,545	2,545	2,540	2,531	2,525	2,518